

**FILED**

JAN 04 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING

**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 KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INsofar AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**FINDINGS OF FACT,  
CONCLUSIONS OF LAW  
AND ORDER**

Docket No. 2011-015

Cause No. 173-25

This Cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, December 7, 2011, at approximately 9:15 a.m., in the Auditorium of the Utah Department of Natural Resources Building in Salt Lake City. The following Board members were present and participated at the hearing: Chairman James T. Jensen, Jean Semborski, Ruland J. Gill, Jr., Jake Y. Harouny, Kelly L. Payne, Carl F. Kendel and Chris D. Hansen. The Board was represented by Michael S. Johnson, Esq., Assistant Attorney General.

Testifying on behalf of Petitioner Kerr-McGee Oil & Gas Onshore LP ("KMG") were Thomas A. Marranzino – Project Land Advisor, Eric D. Shullenberg – Development Geologist, and John L. Eisele – Reservoir Engineer. Said witnesses were recognized by the Board as experts in petroleum land management, geology and reservoir

engineering, respectively, for purposes of this Cause. Frederick M. MacDonald, Esq., of and for Beatty & Wozniak, P.C., appeared as attorney for KMG.

Making a statement on behalf of the Division of Oil, Gas and Mining (the “Division”) was Brad Hill – Permitting Manager/Geologist. Steven F. Alder, Esq., Assistant Attorney General, appeared as attorney on behalf of the Division. The Division filed a Staff Memorandum in this Cause on December 1, 2011. In his statement, Mr. Hill indicated all issues raised in the Staff Memorandum had been adequately addressed and that the Division expressed its support for the granting of KMG’s Request for Agency Action dated July 12, 2011, as corrected by Errata dated July 26, 2011 and dated September 2, 2011 (collectively the “Request”), as conformed to the testimony and other evidence provided at the hearing.

At the end of KMG’s and the Division’s presentations, Michael L. Coulthard, Petroleum Engineer for the Utah State Office of the Bureau of Land Management (“BLM”), made a statement to the Board expressing the BLM’s support for the granting of the Request.

No other party filed a response to the Request and no other party appeared or participated at the hearing.

The Board, having considered the testimony presented and the exhibits received into evidence at the hearing, being fully advised, and for good cause, hereby makes the following findings of fact, conclusions of law and order in this Cause.

**FINDINGS OF FACT**

1. KMG is a Delaware limited partnership in good standing and authorized to conduct business in the State of Utah. It is duly bonded with all appropriate State of Utah and Federal agencies relevant to this cause.

2. The following lands comprise the 2011 expansion of the Natural Buttes Federal Exploratory Unit (the “NBU”):

Township 9 South, Range 20 East, SLM

Section 23: SE<sup>1</sup>/<sub>4</sub>  
Section 24: S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, E<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>  
Section 25: N<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, NE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>

Township 10 South, Range 20 East, SLM

Section 25: S<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>

Township 10 South, Range 21 East, SLM

Section 23: E<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>  
Section 24: S<sup>1</sup>/<sub>2</sub>NW<sup>1</sup>/<sub>4</sub>, SW<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, SW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 25: S<sup>1</sup>/<sub>2</sub>S<sup>1</sup>/<sub>2</sub>, NE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 26: SW<sup>1</sup>/<sub>4</sub>  
Section 28: SW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 31: Lots 1 (40.94), 2 (40.68), 3 (40.96), 4 (40.54), E<sup>1</sup>/<sub>2</sub>W<sup>1</sup>/<sub>2</sub>, S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>  
Section 32: S<sup>1</sup>/<sub>2</sub>, SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>  
Section 34: All  
Section 36: All

Township 10 South, Range 22 East, SLM

Section 15: N<sup>1</sup>/<sub>2</sub>S<sup>1</sup>/<sub>2</sub>, S<sup>1</sup>/<sub>2</sub>N<sup>1</sup>/<sub>2</sub>  
Section 24: E<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>  
Section 25: E<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 27: S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, N<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub>, S<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>  
Section 28: S<sup>1</sup>/<sub>2</sub>S<sup>1</sup>/<sub>2</sub>, NW<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub>  
Section 29: SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, NW<sup>1</sup>/<sub>4</sub>, E<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 30: Lot 4 (24.85)  
Section 31: Lots 1 (24.64), 2 (24.44), 3 (24.24) and 4

Section 32: (24.04), E $\frac{1}{2}$ W $\frac{1}{2}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$   
S $\frac{1}{2}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$   
Section 33: W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 36: S $\frac{1}{2}$ NW $\frac{1}{4}$

(containing 6,805.33 acres, more or less, in Uintah County, Utah)

(the “2011 Expansion Lands”). The expansion of the NBU to include such lands was approved by the BLM effective as of November 1, 2011.

3. The following lands are anticipated to be added to the NBU via subsequent joinder and ratification effective as of January 1, 2012:

Township 9 South, Range 20 East, SLM

Section 36: S $\frac{1}{2}$

Township 9 South, Range 21 East, SLM

Section 32: Lots 1 (45.92), 2 (46.78), 3 (47.62) and 4 (48.48), N $\frac{1}{2}$ S $\frac{1}{2}$  [S $\frac{1}{2}$ ]

(the “2012” Expansion Lands”).

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the “173-24 Order”), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin. Code Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

the base of the Green River formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail # 10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21

East, SLM, Uintah County, Utah, to the top of the Mancos formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit # 5 Well drilled by Belco Petroleum Corporation in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah,

(the "NBU Formations"), on the following 2011 and 2012 Expansion Lands:

Township 9 South, Range 20 East, SLM

Section 23: SE<sup>1</sup>/<sub>4</sub>  
Section 24: S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, E<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>  
Section 25: N<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, NE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 36: S<sup>1</sup>/<sub>2</sub>

Township 9 South, Range 21 East, SLM

Section 32: Lots 1 (45.92), 2 (46.78), 3 (47.62) and 4 (48.48), N<sup>1</sup>/<sub>2</sub>S<sup>1</sup>/<sub>2</sub> [S<sup>1</sup>/<sub>2</sub>]

Township 10 South, Range 21 East, SLM

Section 23: E<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>  
Section 24: S<sup>1</sup>/<sub>2</sub>NW<sup>1</sup>/<sub>4</sub>, SW<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, SW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>

Township 10 South, Range 22 East, SLM

Section 15: N<sup>1</sup>/<sub>2</sub>S<sup>1</sup>/<sub>2</sub>, S<sup>1</sup>/<sub>2</sub>N<sup>1</sup>/<sub>2</sub>,

with certain specified set backs from NBU tract and lease boundaries. At that time, the above described lands were physically within the boundaries of the NBU, but were not committed thereto.

5. By Order also entered on October 5, 2009 in Cause No. 210-05 (the "210-05 Order"), the Board similarly modified Utah Admin. Code Rules R649-3-2, 10 and 11(1) and (2) to provide for the drilling of wells to achieve the equivalent of an

approximate 10-acre density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde group, defined in said

Order instead as follows:

the top of the Wasatch formation is defined as the stratigraphic equivalent of 3,790 feet as shown on the electric log of the Willow Creek Unit #1 well located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21, Township 11 South, Range 21 East, SLM, and as the stratigraphic equivalent of 5,552 feet as shown on the electric log of the Ouray #34-79 well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34, Township 8 South, Range 21 East, SLM, and the base of the Mesaverde Group is defined as the stratigraphic equivalent of approximately 9,550 feet in said Willow Creek Unit #1 well (a stratigraphic equivalent which lies approximately 20 feet below the base of the electric log for said well), and as the stratigraphic equivalent of 11,718 feet as shown on the electric log of said Ouray #34-79 well,

on the following 2011 Expansion Lands, among other lands:

Township 10 South, Range 21 East, SLM

Section 25: S $\frac{1}{2}$ S $\frac{1}{2}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 26: SW $\frac{1}{4}$   
Section 28: SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 31: Lots 1 (40.94), 2 (40.68), 3 (40.96), 4 (40.54), E $\frac{1}{2}$ W $\frac{1}{2}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$   
Section 32: S $\frac{1}{2}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 34: All  
Section 36: All

Township 10 South, Range 22 East, SLM

Section 27: S $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$   
Section 28: S $\frac{1}{2}$ S $\frac{1}{2}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$   
Section 29: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 30: Lot 4 (24.85)  
Section 31: Lots 1 (24.64), 2 (24.44), 3 (24.24) and 4 (24.04), E $\frac{1}{2}$ W $\frac{1}{2}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$   
Section 32: S $\frac{1}{2}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$   
Section 33: W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ ,

with certain specified set backs from lease boundaries.

6. The remaining 2011 Expansion Lands, being:

Township 10 South, Range 20 East, SLM

Section 25: S $\frac{1}{2}$ SE $\frac{1}{4}$

Township 10 South, Range 21 East, SLM

Section 24: E $\frac{1}{2}$ NE $\frac{1}{4}$

Section 25: E $\frac{1}{2}$ SE $\frac{1}{4}$

Section 36: S $\frac{1}{2}$ NW $\frac{1}{4}$ .

as relating to the NBU Formations, are not currently subject to any Board spacing order and are therefore ostensibly subject to the general statewide well siting rule set forth in Utah Admin. Code R649-3-2, and the general directional drilling well rules set forth in Utah Admin. Code R649-3-10 and R649-3-11. Under Utah Admin. Code Rule R649-3-2, each well is to be located within a 400-foot “window” surrounding the center of each governmental quarter-quarter section, or a substantially equivalent lot or tract or combination of lots or tracts, and no well may be located closer than 920 feet from an existing well drilling to or capable of producing from the same pool. The result of this location pattern is to allow a maximum of four (4) wells per quarter section and 16 wells per section, *i.e.* the equivalent of 40-acre well density.

7. The NBU was initially approved effective January 5, 1968 and was contracted down to its participating area (78,769.20 acres) as mandated under the terms of the governing Unit Agreement prior to the 2011 Expansion. The NBU is administered

by the BLM. All oil and gas in the NBU Formations only underlying the committed tracts within the NBU are unitized. KMG serves as Unit Operator.

8. By Consolidated Order entered in Cause No. 173-14 on December 2, 1999 (the "173-14 Order"), the Board ordered suspension of the Board's operating rules and orders (including what is now codified at Utah Admin. Code Rule R649-3-2) as to the NBU committed lands from its inception; provided, no well may be drilled closer than 460 feet from a NBU boundary line including interior boundary lines formed by uncommitted "windows" of lands within the NBU (said "windows" being the lands subject to the 173-24 Order).

9. Since entry of the 173-24 Order, KMG has acquired all of the operating rights in the leases covering the 2011 and 2012 Expansion Lands subject to that Order and which prior ownership had, in part, previously prohibited commitment of said lands to the NBU. All of the leases covering the 2011 and 2012 Expansion Lands are either Federal or State of Utah oil and gas leases.

10. There are no uncommitted tracts within the 2011 Expansion Lands. Although currently uncommitted, the 2012 Expansion Lands are expected to be formally committed in the near future, with an effective date of January 1, 2012.

11. Paragraph 16 of the NBU Agreement expressly requires the Unit Operator to produce unitized substances, and conduct all operations to provide for the most economical and efficient recovery of said substances, without waste, as defined by or pursuant to State or Federal law or regulation.

12. Well location and density patterns within the NBU Area are determined in accordance with the terms of the NBU Agreement and, in particular, the annual plan of Unit development approved by the BLM. Drilling applications are approved by both the BLM and the Division.

13. KMG has since drilled several wells in the Wasatch-Mesaverde formations in the NBU Area, and on nearby lands on equivalent 10-acre density, the data from which has evidenced and/or confirmed that:

- a) The sand bodies are numerous, small and discontinuous. Wells drilled even as close as 505 feet apart do not intersect all of the same sand bodies and therefore reflect great lateral variability in the productive sandstones of the Unit. Surface outcrop studies indicate that the average apparent width of the sand bodies is 634 feet. Theoretically, wells on a 10-acre density pattern would be located 660 feet apart;
- b) The sand bodies contain complex internal structures, many of which are barriers to flow, and are tight with permeability in the micro-darcy range;
- c) Consistent fracture orientation in the area allows wells to be placed in a pattern so as to minimize potential interference; and
- d) Pressure measurement (DFIT) data detected minimal or no depletion and validated KMG's pressure model.

14. Volumetric estimations reflect a 55% recovery efficiency on a 10-acre density pattern for the NBU.

15. Economic Sensitivity to Reserve analysis reflects that drilling wells on a 10-acre density pattern for the NBU is economic.

16. Development within the NBU is currently occurring on a 10-acre density pattern for the same reasons and justifications recognized by the Board in the 173-24 and

210-05 Orders, as well as previously issued orders for nearby fields producing gas from the same formations (Ouray field – Cause No, 173-23; Bonanza field – Cause No. 179-14; and Hatch field – Cause No. 179-15). In addition, the Board has, on numerous previous occasions, suspended its general rules as applicable to Federal exploratory units (e.g., Order in Cause No. 268-01 for the Love Unit; Order in Cause No. 259-01 for the River Bend and Little Canyon Units; and, as most relevant to this Cause and as noted above, the 173-14 Order for the NBU prior to the 2011 Expansion).

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the Wasatch and Mesaverde formations, valuable resources will not be recovered.

18. Drilling on a 10-acre density pattern, given the setback requirements under the 173-24 and 210-05 Orders, and especially as to the 2011 Expansion Lands not currently subject to a Board order, under current circumstances may clash with NBU development patterns and, in some instances, will always prohibit location within the allowed “window” under the general well siting regulation (Utah Admin Code Rule R649-3-2) and conversely always require an exception location approval (in accordance with Utah Admin. Code Rule R649-3-3). Additionally, wells may need to be directionally drilled from existing pads to minimize surface disturbance and alleviate certain environmental concerns.

19. A copy of the Request was mailed, postage pre-paid, certified with return receipt requested, and properly addressed, to the governmental agencies owning the oil

and gas and having jurisdiction over the minerals underlying the 2011 and 2012 Expansion Lands. Copies of the return receipts, evidencing receipt of all such mailings, were filed with the Board.

20. Notice of the filing of the Request and of the hearing thereon was duly published in the Uintah Basin Standard on August 2, 2011, in the Vernal Express on August 3, 2011, and the Salt Lake Tribune and Deseret Morning News on August 5, 2011.

21. The vote of the Board members present in the hearing and participating in this Cause was unanimous (7-0) in favor of granting the Request.

#### **CONCLUSIONS OF LAW**

1. Due and regular notice of the time, place and purpose of the hearing was properly given to all parties whose legally protected interests are affected by the Request in the form and manner as required by law and the rules and regulations of the Board and Division.

2. The Board has jurisdiction over all matter covered by the Request and all interested parties therein, and has the power and authority to render the order herein set forth pursuant to Utah Code Ann. §§ 40-6-5(3)(b) and Utah Admin. Code Rule R649-2-3.

3. The conservation of oil and gas and the prevention of waste are accomplished by operations conducted in accordance with the terms of the NBU Agreement.

4. The lands referenced in Paragraph 6 of the Findings of Fact are subject to the general statewide well siting and directional drilling rules (Utah Admin. Code Rules

R649-3-2, R649-3-10 and R649-3-11 (1) and (2)).

5. A proposed 10-acre density drilling program for NBU production from the 2011 and 2012 Expansion Lands appears reasonable, justified and economic.

6. To account for KMG's proposed 10-acre density drilling program for the 2011 and 2012 Expansion Lands, including associated directional drilling, suspension of Utah Admin. Code Rules R649-3-2, R649-3-10 and R649-3-11 (1) and (2) is fair, reasonably and justified with the following provisions:

- (a) no future well within the Unit may be located closer than 460 feet from an expanded NBU boundary without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3;
- (b) no future well may be directionally drilled if any portion of a 460-foot radius along the projected wellbore intersects an expanded NBU boundary without approval of the Division or Board in accordance with Utah Admin. Code Rules R649-3-3 and R649-3-11;
- (c) the operator provides to the Division (1) a plat or sketch showing the distance from the surface location to section and lease lines and the target location within the intended producing interval with any application for permit to drill filed for a well to be directionally drilled in the expanded NBU Area; and (2) copies of the annual plan of Unit development for the NBU filed with the BLM, if required by the BLM; and
- (d) this suspension shall remain in effect only for committed lands which remain part of the NBU as expanded. Upon Unit contraction or termination, lands eliminated from the NBU shall once again become subject to the applicable rules.

7. The relief granted hereby will result in the orderly development and greatest recovery of Unitized oil and gas, prevent waste and adequately protect the correlative rights of all affected parties.

8. KMG has sustained its burden of proof, demonstrated good cause, and satisfied all legal requirements, including those set forth in Utah Admin. Code Rule R649-2-3, for the granting of its Request.

**ORDER**

Based upon the Request, testimony and evidence submitted, and the findings of fact and conclusions of law stated above, the Board hereby orders:

1. The Request in this cause is granted.

2. Utah Admin. Code Rules R649-3-2, R649-3-10 and R649-3-11 (1) and (2) are suspended insofar as they apply to the 2011 Expansion Lands as described above; provided, however, that:

(a) no future well within the NBU as expanded may be located closer than 460 feet from an expanded NBU boundary without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3;

(b) no future well may be directionally drilled if any portion of a 460 foot radius along the projected wellbore intersects an expanded NBU boundary without approval of the Division or Board in accordance with Utah Admin. Code Rules R649-3-3 and R649-3-11.

(c) KMG and any successor Unit Operator shall provide the Division: (1) a plat or sketch showing the distance from the surface location to section and lease lines and the target location within the intended producing interval with any application for permit to drill filed for a well to be directionally drilled in the NBU as expanded; and (2) copies of the annual plan of Unit development for the NBU filed with the BLM, if required by the BLM; and

(d) this suspension shall remain in effect only for committed 2011 Expansion Lands which remain part of the expanded NBU. Upon Unit contraction or termination, any 2011 Expansion Lands eliminated from the NBU shall once again become subject to the applicable rules.

3. Paragraph 2 of this Order shall also equally apply to the 2012 Expansion Lands upon final approval of the BLM of the commitment of said lands to the NBU. KMG shall send a copy of said BLM approval decision letter upon receipt to the Board's Secretary who shall then provide notice to the Board and Division and shall modify the Board's and Division's records to reflect application of this Order to the 2012 Expansion Lands.

4. If the Division should determine that operations within the expanded NBU area are not being conducted in a manner which is intended to maximize recovery of oil and gas, promotes conservation, is protective of correlative rights, and/or prevents waste, it may initiate a Notice of Agency Action in accordance with Utah Admin. Code Rule R641-104-100 for the Board to reconsider the suspension of the relevant rules granted hereby.

5. Pursuant to Utah Admin. Code Rules R641 and Utah Code Ann. § 63G-4-204 to 208, the Board has considered and decided this matter as a formal adjudication.

6. This Order is based exclusively on evidence of record in the adjudicative proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, all as required by the Administrative Procedures Act, Utah Code Ann. § 63G-4-208 and Utah Administrative Code Rule R641-109.

7. Notice re: Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63G-4-208(e) - (g),

the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order issued. Utah Code Ann. §§ 63G-4-401(3)(a) and 403. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63G-4-302, entitled, “Agency Review - Reconsideration,” states:

(1)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63G-4-301 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

*Id.* The Board also hereby notifies the parties that Utah Admin. Code Rule R641-110-100, which is part of a group of Board rules entitled, “Rehearing and Modification of Existing Orders,” states:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing

must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of the month.

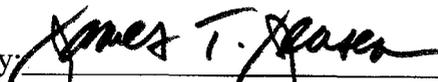
*Id.* See Utah Admin. Code Rule R641-110-200 for the required contents of a petition for Rehearing. If there is any conflict between the deadline in Utah Code Ann. § 63G-4-302 and the deadline in Utah Admin. Code Rule R641-110-100 for moving to rehear this matter, the Board hereby rules that the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

8. The Board retains continuing jurisdiction over all the parties and over the subject matter of this cause, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this order by the Utah Supreme Court.

9. For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

DATED this 4th day of January, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By:   
James T. Jensen, Chairman

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER for Docket No. 2011-015, Cause No. 173-25 to be mailed with postage prepaid, this 5th day of January, 2012, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP  
6925 Union Park Center, Suite 525  
Cottonwood Heights, UT 84047-6003  
E-Mail: FMacDonald@bwenergylaw.com

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Michael S. Johnson  
Assistant Attorneys General  
Utah Board of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
[Via Email]

State of Utah School and Institutional  
Trust Lands Administration  
Attn: LaVonne Garrison  
Assistant Director, Oil and Gas  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
[Via Email]

United States of America  
Bureau of Land Management  
Vernal Field Office  
170 South 500 East  
Vernal, UT 84078

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino, Landman  
1099 18" St. Suite 1800  
Denver, CO 80202  
Telephone: (720) 929-6000  
E-Mail: Thomas.  
Marranzino@anadarko.com

  
\_\_\_\_\_

**FILED**

NOV 21 2011

SECRETARY, BOARD OF  
OIL, GAS & MINING

**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 KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**ORDER GRANTING LEAVE TO  
SUBSTITUTE AND REPLACE  
EXHIBIT**

Docket No. 2011 - 015

Cause No. 173-25

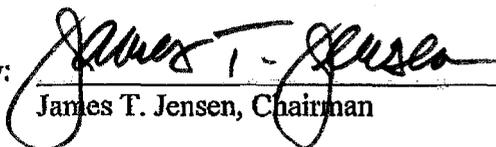
The Board of Oil, Gas and Mining, having fully considered Kerr-McGee Oil & Gas Onshore LP's ("KMG's") Motion for Leave to Substitute and Replace Exhibit filed on November 10, 2011, and finding good cause therefore, hereby grants said Motion and authorizes the substitution and replacement of the Replacement Exhibit "C" attached to the Motion for the original Exhibit "C" currently on file in this Cause.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

DATED this 21st day of November, 2011.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By:

  
James T. Jensen, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER GRANTING LEAVE TO SUBSTITUTE AND REPLACE EXHIBIT for Docket No. 2011-015, Cause No. 173-25 to be mailed with postage prepaid, this 22nd day of November, 2011, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP  
6925 Union Park Center, Suite 525  
Cottonwood Heights, UT 84047-6003  
E-Mail: [FMacDonald@bwenergylaw.com](mailto:FMacDonald@bwenergylaw.com)

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Michael S. Johnson  
Assistant Attorneys General  
Utah Board of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

State of Utah School and Institutional  
Trust Lands Administration  
Attn: LaVonne Garrison  
Assistant Director, Oil and Gas  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

United States of America  
Bureau of Land Management  
Vernal Field Office  
170 South 500 East  
Vernal, UT 84078

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino, Landman  
1099 18" St. Suite 1800  
Denver, CO 80202  
Telephone: (720) 929-6000  
E-Mail: Thomas.  
[Marranzino@anadarko.com](mailto:Marranzino@anadarko.com)

  
\_\_\_\_\_

**FILED**

OCT 10 2011

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

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INsofar AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**ORDER GRANTING THIRD  
CONTINUANCE**

Docket No. 2011 - 015

Cause No. 173-25

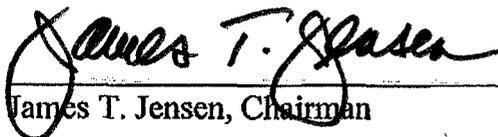
The Board of Oil, Gas and Mining, having fully considered Kerr-McGee Oil & Gas Onshore LP's Motion for Third Continuance filed October 6, 2011, and finding good cause therefor, hereby grants said Motion and continues the hearing on this Cause from October 26, 2011 to December 7, 2011.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

DATED this 10<sup>th</sup> day of October, 2011.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By:

  
James T. Jensen, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER GRANTING THIRD CONTINUANCE for Docket No. 2011-015, Cause No. 173-25 to be mailed with postage prepaid, this 12th day of October, 2011, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP  
6925 Union Park Center, Suite 525  
Cottonwood Heights, UT 84047-6003  
E-Mail: [FMacDonald@bwenergylaw.com](mailto:FMacDonald@bwenergylaw.com)

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Michael S. Johnson  
Assistant Attorneys General  
Utah Board of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

State of Utah School and Institutional  
Trust Lands Administration  
Attn: LaVonne Garrison  
Assistant Director, Oil and Gas  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

United States of America  
Bureau of Land Management  
Vernal Field Office  
170 South 500 East  
Vernal, UT 84078

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino, Landman  
1099 18" St. Suite 1800  
Denver, CO 80202  
Telephone: (720) 929-6000  
E-Mail: Thomas.  
[Marranzino@anadarko.com](mailto:Marranzino@anadarko.com)

  
\_\_\_\_\_

**FILED**

SEP 12 2011

SECRETARY, BOARD OF  
OIL, GAS & MINING

**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 KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INsofar AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**ORDER GRANTING SECOND  
CONTINUANCE**

Docket No. 2011 - 015

Cause No. 173-25

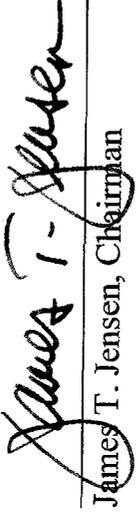
The Board of Oil, Gas and Mining, having fully considered Kerr-McGee Oil & Gas Onshore LP's Motion for Second Continuance filed September 12, 2011, and finding good cause therefor, hereby grants said Motion and continues the hearing on this Cause from September 29, 2011 to October 26, 2011.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

DATED this 12<sup>th</sup> day of September, 2011.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By:

  
James T. Jensen, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER GRANTING SECOND CONTINUANCE for Docket No. 2011-015, Cause No. 173-25 to be mailed with postage prepaid, this 13th day of September, 2011, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP  
6925 Union Park Center, Suite 525  
Cottonwood Heights, UT 84047-6003  
E-Mail: [FMacDonald@bwenergy.com](mailto:FMacDonald@bwenergy.com)

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Michael S. Johnson  
Assistant Attorneys General  
Utah Board of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

State of Utah School and Institutional  
Trust Lands Administration  
Attn: LaVonne Garrison  
Assistant Director, Oil and Gas  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

United States of America  
Bureau of Land Management  
Vernal Field Office  
170 South 500 East  
Vernal, UT 84078

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino, Landman  
1099 18" St. Suite 1800  
Denver, CO 80202  
Telephone: (720) 929-6000  
E-Mail: Thomas.  
[Marranzino@anadarko.com](mailto:Marranzino@anadarko.com)

  
\_\_\_\_\_

**FILED**

AUG 24 2011

SECRETARY, BOARD OF  
OIL, GAS & MINING

**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 KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**ORDER GRANTING  
CONTINUANCE**

Docket No. 2011 - 015

Cause No. 173-25

The Board of Oil, Gas and Mining, having fully considered Kerr-McGee Oil & Gas Onshore LP's Motion for Continuance filed August 1, 2011, and finding good cause therefor, hereby grants said Motion and continues the hearing on this Cause from August 24, 2011 to September 29, 2011.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

DATED this 24<sup>th</sup> day of August, 2011.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By:

  
James T. Jensen, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER GRANTING CONTINUANCE for Docket No. 2011-015, Cause No. 173-25 to be mailed with postage prepaid, this 29th day of August, 2011, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP  
6925 Union Park Center, Suite 525  
Cottonwood Heights, UT 84047-6003  
E-Mail: [FMacDonald@bwenergylaw.com](mailto:FMacDonald@bwenergylaw.com)

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Michael S. Johnson  
Assistant Attorneys General  
Utah Board of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

State of Utah School and Institutional  
Trust Lands Administration  
Attn: LaVonne Garrison  
Assistant Director, Oil and Gas  
675 East 500 South, Suite 500  
Salt Lake City, Utah 84102

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
**[Via Email]**

United States of America  
Bureau of Land Management  
Vernal Field Office  
170 South 500 East  
Vernal, UT 84078

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino, Landman  
1099 18" St. Suite 1800  
Denver, CO 80202  
Telephone: (720) 929-6000  
E-Mail: Thomas.  
[Marranzino@anadarko.com](mailto:Marranzino@anadarko.com)

  
\_\_\_\_\_

**FILED**

APR 10 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING

**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the “Board”), having fully considered Kerr-McGee Oil & Gas Onshore LP’s *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board’s Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the “**Unitized Interval.**” The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the "173-24 Order"), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations."

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this 10<sup>th</sup> day of April, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: James T. Jensen  
James T. Jensen, Chairman

2031.0110  
224174

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing CONSOLIDATED CLARIFICATION ORDER to be mailed with postage prepaid, this 10th day of April, 2012, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
7440 South Creek Road, Suite 300  
Sandy, UT 84093  
E-Mail: FMacDonald@bwenergylaw.com

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marrassino,  
Landman  
1099 18th Street, Suite 1800  
Denver, CO 80202  
E-Mail:  
Tom.Marrassino@anadarko.com

Michael S. Johnson  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
(Via E-Mail)

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
(Via E-Mail)

KAISER FRANCIS OIL  
COMPANY  
P O BOX 840234  
DALLAS, TX 75284

ROEC INC  
PO Box: 33440  
SANTA FE, NM 87594

CHEVRON SERVICES COMPANY  
A DIVISION OF CHEVRON USA INC  
P O BOX 730436  
DALLAS, TX 75373-0436

RICHMOND OIL COMPANY  
P. O. BOX 22439  
HOUSTON, TX 77227-2439

WELLSTAR CORPORATION  
11990 GRANT STREET SUITE 550  
DENVER, CO 80233

RICHARD ALTMAN & CO  
717 17TH ST STE 1400  
DENVER, CO 80202-3303

RUSSELL T RUDY ENERGY LLC  
5701 WOODWAY DRIVE # 222  
HOUSTON, TX 77057-9735

MOREENERGY EXPLORATION CORP  
410 17TH STREET STE 1150  
DENVER, CO 80202

JAMES S LEBSACK  
P O BOX 22215  
DENVER, CO 80222-0215

R W WILLINGHAM DBA  
INTEGRITY OIL & GAS CO  
704 COTTONWOOD CIR  
AZTEC, NM 87410-2077

CLUB OIL & GAS LTD  
PO Box: 467  
OKLAHOMA CITY, OK 73101-0467

BURK ROYALTY CO  
PO Box: 94903  
WICHITA FALLS, TX 76308-0903

ARJAY OIL COMPANY  
PO Box: 904  
SALT LAKE CITY, UT 84110-0904

MTH ESTATE LTD  
PO BOX 1759 DEPT 658  
HOUSTON, TX 77251-1759

A-8 INVESTMENT COMPANY  
P O BOX 17397  
SALT LAKE CITY, UT 84117

A A MINERALS LLC  
P O BOX 3357  
ENGLEWOOD, CO 80155-3357

THE HATCH GROUP, LLC  
P O BOX 171139  
SALT LAKE CITY, UT 84117-1139

TECKLA OIL CO LLC  
1712 SE 35TH LANE  
OCALA, FL 34471-6781

STEPHEN MARK GRYNBERG  
TRUST  
C/O ANTON COLLINS MITCHELL  
LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

MIRIAM ZELA GRYNBERG TRUST  
C/O ANTON COLLINS MITCHELL  
LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

RACHEL SUSAN GRYNBERG  
TRUST  
C/O ANTON COLLINS MITCHELL  
LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

WALTON OIL COMPANY LLC  
575 E 4500 S STE B-260  
SALT LAKE CITY, UT 84107-4574

WALTER MORRISON ESTATE  
C/O BEVERLY A ORR  
PO Box: 19367  
WASHINGTON, DC 20036

PANHANDLE OIL AND GAS INC  
DEPT 96-0299  
OKLAHOMA CITY, OK 73196-0299

ALF R THOMPSON TRUST  
1ST MID-ILLINOIS BANK &  
TRUST AND  
MARK HUNT JR TRUSTEES  
PO Box: 529  
MATTOON, IL 61938

FAYTEK LIMITED  
C/O THOMAS E KELLY  
4705 MIRAMONT CIR  
BRYAN, TX 77802

ROBERT C ADAMS  
10698 COUNTRY CLUB DR  
AMERICAN FORK, UT 84003

JOHN ANTONGIOVANNI  
191 OLEANDER AVENUE  
BAKERSFIELD, CA 93304

ROBYN S HODGE ANDERSON  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

JOHN S ANTONGIOVANNI  
6610 MT WHITNEY DR  
BAKERSFIELD, CA 93309

PAMELA GIBBS BANTA  
6115 PRAIRIE VIEW DR  
SALT LAKE CITY, UT 84118-3233

BAKERSFIELD FUEL & OIL  
PO Box: 82515  
BAKERSFIELD, CA 93380

HUGH L BALSER TRUST  
BANK OF OKLAHOMA NA AGENT  
PO Box: 1588  
TULSA, OK 74101

JACK E BLANKENSHIP  
160 SAGEMONT CIRCLE  
PARACHUTE, CO 81635

MAURICE R BARNES JR  
3500 MONTE VERDE DRIVE  
SALT LAKE CITY, UT 84109

NANCY A BATT  
PO Box: 79784  
HOUSTON, TX 77279

PATRICIA J BROWN  
45 BAIRD TRACE  
SPRINGFIELD, MA 01118

FRANKLIN J BRADSHAW FAMILY  
TRUST  
WELLS FARGO BANK SAO  
PO Box: 40909  
AUSTIN, TX 78704

VAL BROWNING  
(no valid address available)

C & J HILL LIMITED PTNSHP  
RLLLP  
22757 MEADOW VIEW ROAD  
MORRISON, CO 80465

BUDJ TRUST  
JOHN L RITTS SUCCESSOR  
TRUSTEE  
P O BOX 5503  
AUSTIN, TX 78763

BUTTRAM ENERGIES INC  
2601 NW EXPRESSWAY SUITE  
501W  
OKLAHOMA CITY, OK 73112

CHARLES L CAVNESS  
2273 SOUTH FILLMORE STREET  
DENVER, CO 80210-4821

C S V OIL EXPLORATION  
2005 SOUTH 300 WEST  
SALT LAKE CITY, UT 84115

KIMBERLY HILL CAMPBELL  
1905 SUNRAY COURT  
WEST LINN, OR 97068

THOMAS L CRANMER  
221 DONMORE DR  
GREAT FALLS, VA 22066

COVEY MINERALS INC  
GARY R NELSON  
HIGHLAND COMMERCIAL INC  
2733 E PARLEYS WAY STE 304  
SALT LAKE CITY, UT 84109

ROBERT L CRANMER TVW  
THOMAS L CRANMER SVC TTE  
221 DONMORE DRIVE  
GREAT FALLS, VA 22066

ED SHEETS  
(no valid address available)

WILLIAM H H CRANMER  
511 ORANGE ST  
HUDSON, WI 54016

COLLEEN L DALESKE  
4491 PINERIDGE COURT  
MOORPARK, CA 93021

MARILYN W EARLY FAMILY TR  
6245 OAK KNOLL DR  
SALT LAKE CITY, UT 84121-2182

SUZANNE M DENTON COHEN  
C/O PRINCERIDGE M CHASMAN  
1633 BROADWAY  
NEW YORK, NY 10019

MARGARET E DIXON REVOCABLE  
LIVING T  
MARGARET E DIXON TRUSTEE  
1934 YALECREST AVENUE  
SALT LAKE CITY, UT 84108

PETER GIBBS  
3125 KENNEDY DR. #905  
SALT LAKE CITY, UT 84108

PATRICIA REEDER EUBANK  
3350 CALLE BONITA  
SANTA YNEZ, CA 93460

GEORGE P WEILER TRUST  
GEORGE P WEILER TRUSTEE  
730 E THREE FOUNTAINS #84  
SALT LAKE CITY, UT 84107

THOMAS E HALL TEST TRUST  
GLADE, BRUCE & EDWIN HALL  
TRSTEEES  
965 PINNOCCHIO DRIVE  
SALT LAKE CITY, UT 84116

WILLIAM G GIBBS  
657 18TH AVENUE  
SALT LAKE CITY, UT 84103

HALE D FAMILY TRUST  
DENISE HALE TRUSTEE  
PO Box: 420683  
SAN FRANCISCO, CA 94142-0683

LINDA L HAYES  
612 MCGINNIS LANE  
WILMINGTON, NC 28412

MARY ROSE HARRIS  
48856 OAK ARBOR COURT  
SHELBY TOWNSHIP, MI 48317

FRANCES V HARTIG REV TR  
AMERICAN BK & TR CO  
6100 SOUTH YALE AVE  
TULSA, OK 74136-5739

JAMES WILLIAM HODGE  
223 N 198TH AVE  
ELKHORN, NE 68022-4869

WILLIAM H HEISLER JR  
3841 ELLA LEE LN  
HOUSTON, TX 77027-4020

LAVON S HILL TRUST  
LAVON S HILL TRUSTEE  
7128 S POPLAR LANE  
CENTENNIAL, CO 80112-1635

JGS BALLARD PROPERTIES LLC  
300 BEALE STREET - APT #417  
SAN FRANCISCO, CA 94105-2094

SHIRLEY M HULL  
14938 CAMDEN AVE #47  
SAN JOSE, CA 95124

CONRAD E JARMAN  
680 E 100 SOUTH #109  
SALT LAKE CITY, UT 84102

KNIGHT FAM TRUST PRISCILLA  
J  
KNIGHT  
TTE ANCHOR BANK  
RT 325170628 01076113042  
PO Box: 387  
ABERDEEN, WA 98520  
RUTH C LEE  
332 W SOUTH AVE  
REDLANDS, CA 92373

CONNIE ADAMS JOHNSON  
518 NORTH MICHILANGLO DR  
GREEN VALLEY, AZ 85614

PAULA RACHEL KAUFMAN  
PO Box: 309  
GLORIETA, NM 87535

LARSON REED P TRUST-REED P  
LARSON &  
LENNOX LARSON CO-TRUSTEE  
899 ISLAND DR APT 313  
RANCHO MIRAGE, CA 92270-3137

NINA F (JANE) LATHE  
3623 BETHANY CHURCH RD  
FRANKLINVILLE, NC 27248

MATTISON FAMILY TRUST  
ROBERT J MATTISON  
1180 CORPORATE WAY APT 248  
SACRAMENTO, CA 95831-3880

HOUSTON LIGHTHOUSE INC  
C/O FARMERS NATIONAL CO  
AGENT 1350272-4213  
PO Box: 3480  
OMAHA, NE 68103-0480

GEORGIA FAYE LOPEZ  
74252 ANGEL'S CAMP RD.  
PALM DESERT, CA 92260

THE VIVIAN D MCKAY FAMILY  
TRUST  
VIVIAN D MCKAY TRUSTEE  
1957 YALE AVE  
SALT LAKE CITY, UT 84108

REV WILLIAM MAXWELL  
515 VAN BUREN  
PORT TOWNSEND, WA 98368

TERESA JANE G MCENTIRE  
6654 SW 88TH AVE  
PORTLAND, OR 97223

MORGAN GAS & OIL CO  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111-1963

LINDA R MCKENNA  
3289 CHESTER LANE  
BAKERSFIELD, CA 93309-1120

MARY A GIBBS MONSON  
3533 S BOUNTIFUL BLVD  
BOUNTIFUL, UT 84010

MORGAN LIMITED  
PARTNERSHIP  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111

MORGAN J H JR  
175 SOUTH MAIN STREET #1310  
SALT LAKE CITY, UT 84111

MORGAN JOHN SR ESTATE  
H M LEACH & JH MORGAN JR  
175 S MAIN ST STE 1310  
SALT LAKE CITY, UT 84111-1963

NSMC CORPORATION  
PO Box: 2057  
OKLAHOMA CITY, OK 73101

GENE NICODEMUS REV LIVG  
TRUST  
GENE H NICODEMUS TRUSTEE  
4788 MILETUS WAY  
OCEANSIDE, CA 92056-5136

ISAAC W NORMAN  
12500 FM 1660  
TAYLOR, TX 76574

SUSAN F TITUS OSBORN  
3133 PUENTE ST  
FULLERTON, CA 92835

RALPH S O'CONNOR  
10000 MEMORIAL DR  
HOUSTON, TX 77024

OLD WEST ROYALTY  
PARTNERSHIP  
C/O CHARLES BROWN  
PO Box: 587  
MARLOW, OK 73055

M B REAGAN  
470 WEST END AVE  
NEW YORK, NY 10024

P & L RESOURCES LTD  
6915 CHEVY CHASE  
DALLAS, TX 75225-2416

PENN RESOURCES INC  
3838 OAK LAWN SUITE 1216  
DALLAS, TX 75219

JAMES M RICHARDSON  
2433 N PLANTATION DR  
VIRGINIA BEACH, VA 23454

JAMES C REEDER  
C/O AVERY & GREIG LLP  
2811 WILSHIRE BLVD SUITE 700  
SANTA MONICA, CA 90403

REUNIONAIRE CORP  
4809 COLE AVE SUITE 170  
DALLAS, TX 75205

SHOTT TRUST ELOISE B  
ANDREW T SHOTT SUCC  
TTEE  
336 CONNELL AVE  
MISSOULA, MT 59801

DOUGLAS K SAUTER  
&/OR KATHRYN SAUTER  
6079 WEST CALHOUN DR  
LITTLETON, CO 80123

LORI L HILL SCHAFFER  
3115 149TH PL SE  
MILL CREEK, WA 98012

LISA K SMERNOFF  
PO Box: 441010  
AURORA, CO 80044

PATRICIA A SHUTE  
1475 TWENTY-FIFTH AVE  
SAN FRANCISCO, CA 94122-3317

SILVER DOLLAR RESOURCES  
P O BOX 51110  
CASPER, WY 82605-1110

ST MARKS CATHEDRAL  
231 E 100 S  
SALT LAKE CITY, UT 84111

SUSAN LYNN SMERNOFF  
8 BEACON HILL LANE  
ENGLEWOOD, CO 80111

RICHARD SMOOT FAMILY LLC  
847 E 400 S  
SALT LAKE CITY, UT 84102

IRENE F STEVENS  
7305 CALLE PRIVADA  
BAKERSFIELD, CA 93309

C E STAUFFER  
1038 BRONCHO RD  
PEBBLE BEACH, CA 93953

ERICK STAUFFER  
509 WILLOW ST  
PACIFIC GROVE, CA 93950

STONEGATE RESOURCES  
LLC  
P O BOX 680667  
PARK CITY, UT 84068-0677

STEWART FAMILY LLC IM  
C/O JUNE MILLER  
9614 STERN LN  
BROWNS VALLEY, CA 95918

ROMNEY M STEWART  
8858 SILVERSTONE WAY  
SANDY, UT 84093-1678

JANE ANDREA UHALT  
6500 MOUNT HOOD DR  
BAKERSFIELD, CA 93309

BARBARA STOTTERN  
463 W HERITAGE DRIVE  
ST GEORGE, UT 84770

DORIS L MITTAG  
1727 NOGALUS  
CROSBY, TX 77532-3497

KENNETH R PLUNK  
TRUSTEE  
FBO URI OIL & GAS  
HOLDINGS LLC  
CITIZENS BANK  
PO Box: 1700  
KILGORE, TX 75663

UNCLAIMED PROPERTY  
341 S MAIN 5TH FLOOR  
SALT LAKE CITY, UT 84111

TAMARA P UNDERWOOD  
736 EL RODEO ROAD  
SANTA BARBARA, CA 93110

MARJORIE MORGAN  
WAGSTAFF LIVING TRU  
MARJORIE M GRAY-  
WAGSTAFF TRUSTEE  
2002 KENSINGTON AVE  
SALT LAKE CITY, UT 84108

GABRIELLE L VANHERWEG  
1020 OCONNOR WAY  
SAN LUIS OBISPO, CA 93405

MARGARET VILAND  
1276 EAST TOMAHAWK DR  
SALT LAKE CITY, UT 84103

EARL C & LEA WATSON  
WATSON TRUSTEES 12783  
449 CASITA COURT  
LOS ALTOS, CA 94022

JUDITH C WALSH  
8224 ASHE RD  
BAKERSFIELD, CA 93313

DOUGLAS J & TINA WATSON J/T  
204A KENDRICK AVE  
WELLFLEET, MA 02667

MATTHEW CULLEN WILKIN  
& JOSEPHINE WILKIN CO-  
TRUSTEES  
720 CASTANO AVE  
SAN ANTONIO, TX 78209

RALPH AND INA WATSON FAMILY  
TRUST  
INA R WATSON TRUSTEE OF THE  
1033 LAKE STREET  
SALT LAKE CITY, UT 84105-1217

LOUISE M WEST  
2320 ELDRIDGE ST.  
GOLDEN, CO 80401

STEPHEN & MARILYN SMOOT  
FAMILY  
TRUST  
STEPHEN SMOOT TRUSTEE  
875 DONNER WAY UNIT 705  
SALT LAKE CITY, UT 84108

VIRGINIA WRAY  
(no valid address available)

ZION PETROLEUM COMPANY  
C/O LYNN & KAREN MILER  
2202 N GLENWOOD DR  
STILLWATER, OK 74075

PETROLERA CARLOS LLC  
2273 SO FILLMORE  
DENVER, CO 80210

CHEIRE NORWOOD, USUFRUCT  
633 CR 4524  
WHITEWRIGHT, TX 75491

PINECREST PARTNERS L P  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

THE GEORGE R BROWN  
PARTNERSHIP  
DEPT 628  
PO Box: 4346  
HOUSTON, TX 77210-4346

PARKER FANNIN PROPERTIES LTD  
2273 FILLMORE  
DENVER, CO 80210

KENNETH C KILLIAN TRUST  
KENNETH C KILLIAN TRUSTEE  
1433 EAST VINE MEADOWS  
CIRCLE  
SALT LAKE CITY, UT 84121

EVANSVILLE HISTORICAL  
FOUNDATION  
C/O FIRST MID-ILLINOIS  
BANK-TRUST  
PO Box: 449  
MATTOON, IL 61938

MAP2004-OK, AN OKL. GEN.  
PARTNERSHI  
C/O MINERAL ACQUISITION  
PARTNERS,  
PO Box: 269031  
OKLAHOMA CITY, OK 73126-9031

MILLIKIN UNIVERSITY  
C/O FARMERS NATIONAL CO  
AGENT  
OIL AND GAS DEPT  
PO Box: 3480  
OMAHA, NE 68103-0480

DIANE R SANCHEZ  
524 11TH ST  
IDAHO FALLS, ID 83404

ERIC N SMERNOFF  
3211 ROSE HILL ROAD  
CARROLLTON, TX 75007

DAVID T SMERNOFF  
112 FOXWOOD ROAD  
PORTOLA VALLEY, CA 94028

THE BRYANT BULLEN  
FAMILY PARTNERSHI  
3867 RUTH DRIVE  
SALT LAKE CITY, UT 84124

D & D HILL LIMITED PTNSHP  
RLLLP  
10931 W INDORE DR  
LITTLETON, CO 80127

THOMAS L SIMPSON  
4837 INDIANOLA WAY  
LA CANADA, CA 91011

BRIAN W DOD  
15343 LOOKOUT ROAD  
APPLE VALLEY, CA 92307

ROYALTY REPOSITORY II LLC  
PO Box: 670644  
DALLAS, TX 75267-0644

BARRY DOD AND  
JULIE DOD  
48 TOUCHSTONE  
LAKE OSWEGO, OR 97035

PAMELA ELLIS  
21216 TIGER LILY PLACE  
ASHBURN, VA 20147

ANN EDWARDS  
8201 SO SANTA FE DRIVE APT 3  
LITTLETON, CO 80120

JERRY MILBOURN  
1405 PADDOCKS COURT  
CROWNSVILLE, MD 21032

BONANZA ROYALTIES LLC  
JILLIAN M HELMER CPA  
384 TESCONI COURT  
SANTA ROSA, CA 95401

JOAN R DUNCAN  
P O BOX 24267  
DENVER, CO 80224

KWB INC  
20 E 5TH STREET SUITE 1100  
TULSA, OK 74103-4416

KENT PETERSON  
(no valid address available)

JAY AND JACQUE BELL TRUST  
4632 IDLEWILD ROAD  
SALT LAKE CITY, UT 84124

JOAN MILLER AKA JOAN C  
WILKIN  
3649 VINE AVENUE  
NORCO, CA 92860-1866

DAVID J LESSER AS  
TRUSTEE OF THE  
DAVID& ELISABETH LESSER  
FAMILY TRST  
ORIGINALLY EST ON JULY 7  
2004 208 ANDERSON ST  
MANHATTAN BEACH,

RICHARD SHANE MCKNIGHT  
PO Box: 17169  
SALT LAKE CITY, UT 84177-0169

KAREN MCKNIGHT SIRSTINS  
11638 E ONYX AVE  
SCOTTSDALE, AZ 85259

KATHERINE HARVEY MITRI  
6 YELLOW BRICK RD  
RANCHO PALOS VERDES,  
CA 90275

BELINDA LESSER  
1071 NEILSON ST  
ALBANY, CA 94706

LEONARD ALTADONNA TRUSTEE  
OF THE  
BBL/JAL EXMPT TRST UNDER  
DECLARATION  
LIVING TRST DTD 01/02/75  
21700 OXNARD ST STE 1250  
WOODLAND HILLS, CA 91367-7587

JGDAM I LTD  
PO Box: 660  
ALPINE, TX 79831-0660

MARY HARVEY  
2704 CEBADA CANYON RD  
LOMPOC, CA 93436

MARY ANN UZZI  
744 PRESCOTT PL  
PARAMUS, NJ 07652

JON ROBERT HODGE  
IRREVOCABLE TRUST  
ROBYN HODGE ANDERSON  
TTEE  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

DIANA S NIELSEN TRUST  
DIANA S NIELSEN TRUSTEE  
695 THREE FOUNTAINS DR #160  
MURRAY, UT 84107

LINDA S POULTER FAMILY TRUST  
LINDA S POULTER TRUSTEE  
1363 EMBASSY CIRCLE  
SALT LAKE CITY, UT 84108

MARK S DOLAR REVOCABLE  
TRUST DATED JULY 21 2008  
1333 COLLEGE PKWY #172  
GULF BREEZE, FL 32563

CHRISTUS FOUNDATION FOR  
HEALTHCARE  
C/O FARMERS NATIONAL CO  
AGENT  
PO Box: 3480  
OMAHA, NE 68103-0480

WILLIAM C MCCARTY REVOC  
LVNG TR  
WILLIAM C MCCARTY TTEE  
1895 CHIP DRIVE  
LAKE HAVASU CITY, AZ 86406

JOHN K LARSON 1999 DEC  
OF TRUST  
JOHN K LARSON TTEE  
9715 WOODS DR #610  
SKOKIE, IL 60077

JANET K DOLAR REVOCABLE  
TRUST  
DATED JULY 21 2008  
1333 COLLEGE PKY #172  
GULF BREEZE, FL 32563

LARSON FAMILY TRUST  
CRAIG S LARSON & MARGARET A  
LARSON  
TSTES  
3260 DEL MAR DRIVE  
SALT LAKE CITY, UT 84109

ELIZABETH HILL  
5911 CRESTBROOK DRIVE  
MORRISON, CO 80465-2219

KRISTEN LARSON BECKSTEAD  
636 EAST 145 SOUTH  
PRESTON, ID 83263

ROBERT O HILL  
1201 MAIN AVE NO 402  
DURANGO, CO 81301

EGG LLC  
2045 EAST MAIN CANYON RD  
WALLSBURG, UT 84082

THE HAGER-MOORE  
DESCENDANTS TRUST  
TRUSTEES KATHY CROSMAN AND  
JACQUELINE NEWELL  
PO Box: 17866  
SALT LAKE CITY, UT 84117-0866

HATCH OIL AND GAS LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

FREDERICK U LEONARD III  
1943 JAMES PLACE  
SAN JOSE, CA 95125

J SANDRA STANTON TRUST  
J SANDRA STANTON TTEE  
1544 OCEAN AVE  
MANTOLOKING, NJ 08738

DRW HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

MINTON OIL & GAS LLC  
C/O SUE MINTON-EDISON  
85328 S WILLIAMETTE ST  
EUGENE, OR 97405

JO JUDD  
105 SOUTH 100 EAST  
WILLARD, UT 84340

BETTY MORGAN TRUST  
RICHARD S MORGAN TRUSTEE  
32 SILVERHORN DRIVE  
SAN ANTONIO, TX 78216

THE PATRICIA ANN CUMMINGS  
REV TR  
TTEE JOHN AND CLEMENT  
CUMMINGS  
7814 DOUGLAS DRIVE  
PARK CITY, UT 84098

ANDERSON RESOURCES  
COMPANY LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

STEPHEN C LEONARD  
1555 COLONIAL TERRACE #501  
ROSSALYN, VA 22209

GERALDINE S GRAY  
57 NAUTILUS DR  
LEONARDO, NJ 07737

WENDY W SCHILLER  
1847 ARROYO CHAMISO  
SANTE FE, NM 87505

VICTOR R JUDD  
PO Box: 984  
COALVILLE, UT 84017

THE CHRIS A BOYER FAMILY  
TRUST  
PO Box: 743  
COALVILLE, UT 84017

OIL & GAS TRUST UNDER A M  
CULVER  
DTD 11/18/70  
PO Box: 81045  
SAN DIEGO, CA 92138

ONG LLC  
61496 CULTUS LAKE CT  
BEND, OR 97702

SHORT 2008 TRUST  
WILLIAM H & PATRICIA D  
SHORT TTEE  
3767 PRAIRIE DUNES DR  
SARASOTA, FL 34238

JAMES D SHORT & LORNA  
J SHORT LVG T  
JAMES D SHORT TTEE  
312 MORNINGSIDE DR  
PALM HARBOR, FL 34683

SHEILA W CARTER  
4901 SOUTH LAFAYETTE  
LANE  
ENGLEWOOD, CO 80110

ANITA BUSHELL  
HC13 BOX 3012  
CHESTER, UT 84623

G-FORCE ENTERPRIZES  
204 W SPEAR ST STE 3044  
CARSON CITY, NV 89703

WILLIAM H ADAMS III  
REV DEC TRUST  
WILLIAM H ADAMS III TSTEE  
1996 VIA VENTANA A  
LA MONTANA  
GREEN VALLEY, AZ 85622

RIDGEROCKTX LLC  
PO Box: 30304  
EDMOND, OK 73003

POTTS FAMILY TRUST  
DENNIS AND MARY POTTS TSTES  
2502 DOWNINGTON AVE  
SALT LAKE CITY, UT 84108

ALTEX OIL CORP  
PO Box: 1057  
BRECKENRIDGE, CO 80424-1057

BHD HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

DAVID R LEONARD 2010 LIVING  
TRUST  
DAVID RICHARDS LEONARD TSTE  
1454 ALMADEN VALLEY DRIVE  
SAN JOSE, CA 95120

VICKLUND FAMILY TRUST DTD  
4/7/94  
JANICE K ALTEMUS SUCC TSTE  
ALTEMUS COMPANY  
1537 PONTIUS AVE 2ND FLOOR  
LOS ANGELES, CA 90025

TEMIN 1987 PARTNERSHIP AN  
OKLAHOMA GENERAL  
PARTNERSHIP  
PO Box: 731680  
DALLAS, TX 75397-1680

DEVON ENERGY PRODUCTION CO  
LP  
PO Box: 843559  
DALLAS, TX 75284-3559

COLUMBINE II LTD PARTNERSHIP  
PO Box: 22854  
DENVER, CO 80222

VAN C SMITH  
(no valid address available)

STATE OF UTAH  
SCHOOL & INSTITUTIONAL, TR  
LAND ADM  
675 EAST 500 SOUTH STE 500  
SALT LAKE CITY, UT 84102

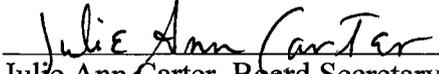
E W MITCHELL  
(no valid address available)

RICHARD HORN  
15846 W BAY AUD DRIVE  
GOLDEN, CO 80401

SANDEFER CAPITAL PARTNERSHIP  
816 CONGRESS AVE STE 1240  
AUSTIN, TX 78701

ZIFF INVESTORS PARTNERSHIP I  
ATTN GERARD F DALVAN  
350 PARK AVE 11TH FLOOR  
NEW YORK, NY 10022

EM NOMINEE PARTNERSHIP CO.  
4582 ULSTER ST.  
DENVER, CO 80237-2632

  
Julie Ann Carter, Board Secretary

**FILED**

**MAR 08 2012**

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

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

**NOTICE OF INTENT TO  
ISSUE CONSOLIDATED  
CLARIFICATION ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**Docket No. 2009-012**

**Cause No. 173-24**

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**Docket No. 2011-015**

**Cause No. 173-25**

---

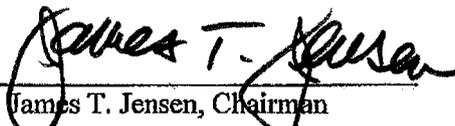
**TO ALL INTERESTED PARTIES:**

The Utah Board of Oil, Gas and Mining (the "Board") hereby gives notice of its intent to issue the proposed Consolidated Clarification Order attached hereto as Exhibit "A" and by this reference incorporated herein in the captioned causes after thirty (30) days from the date of this Notice. The Order is being issued in accordance with the request made in that certain Decision Letter dated February 28, 2012 issued by the Utah State Office of the Bureau of Land Management, a copy of which is attached hereto as Exhibit "B" and by this reference incorporated herein, and is for the limited purpose of incorporating conforming clarifications concerning the unitized formations under the Natural Buttes Unit Agreement approved effective January 5, 1968. Kerr-McGee Oil & Gas Onshore LP, Operator of the Natural Buttes Unit and the other lands covered by the Order in Cause No. 173-24, has represented to the Board that the proposed Order will have no impact upon revenue distribution to the production interest owners in said lands.

Should any party desire to be heard by the Board concerning the proposed Order, he/she/it must file in writing with the Board's secretary (1594 West North Temple, Suite 1210, Salt Lake City, Utah 84116) notice of such desire, outlining with specificity the reason or reasons why such hearing should be held, and otherwise in accordance with the Board's procedural rules (Utah Admin. Code Rules R641-100 *et seq.*), within twenty (20) days of the date of this Notice.

Dated this 8<sup>th</sup> day of March, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By:   
James T. Jensen, Chairman

**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the "Board"), having fully considered Kerr-McGee Oil & Gas Onshore LP's *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board's Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the "**Unitized Interval.**" The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the "173-24 Order"), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations."

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

2031.0110  
224174



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>

Docket No. 2011-015 Cause No. 173-25  
Docket No. 2009-012 Cause No. 173-24  
Docket No. 1999-008 Cause No. 173-14

IN REPLY REFER TO:  
3160 – UTU63047X  
(UT-922100)

**FEB 28 2012**

**RECEIVED**

**FEB 29 2012**

CERTIFIED MAIL—7011 1150 0000 6739 5572  
Return Receipt Requested

DIV. OF OIL, GAS & MINING

Mr. Thomas Marranzino  
Kerr-McGee Oil & Gas Onshore, LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202-1918

**FILED**

**FEB 29 2012**

SECRETARY, BOARD OF  
OIL, GAS & MINING

### DECISION

Re: Natural Buttes Unit, Uintah County, Utah

Dear Mr. Marranzino:

This decision is issued in response to Kerr-McGee Oil & Gas Onshore, LP (Kerr-McGee)'s letter dated February 14, 2012, requesting that the Bureau of Land Management (BLM) confirm that all formations within the Mesaverde Group, including the Blackhawk Formation, are unitized under the terms of the Natural Buttes Unit Agreement, approved effective January 5, 1968.

Section 3 of the unit agreement states:

All land committed to this Agreement shall constitute land referred to herein as "unitized land" or "land subject to this Agreement". All oil and gas in any and all formations between the base of the Green River Formation and the top of the Mancos Formation of the unitized land are unitized under the terms of this Agreement and herein are called "unitized substances". All oil and gas in any and all formations above the base of the Green River Formation are not unitized and are not subject to any of the terms of this Agreement; and all oil and gas in any and all formations below the top of the Mancos Formation are not unitized and are not subject to any of the terms of this Agreement. For the purposes of this Agreement, the base of the Green River Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah. For the purpose of this Agreement, the top of the Mancos Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the

**EXHIBIT B**

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF INTENT TO ISSUE CONSOLIDATED CLARIFICATION ORDER to be mailed with postage prepaid, this 9<sup>th</sup> day of March, 2012, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
7440 South Creek Road, Suite 300  
Sandy, UT 84093  
E-Mail: FMacDonald@bwenergylaw.com

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino,  
Landman  
1099 18th Street, Suite 1800  
Denver, CO 80202  
E-Mail:  
Tom.Marranzino@anadarko.com

Michael S. Johnson  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
(Via E-Mail)

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas &  
Mining  
1594 West North Temple, Suite  
300  
Salt Lake City, UT 84116  
(Via E-Mail)

ROEC INC  
PO Box: 33440  
SANTA FE, NM 87594

CHEVRON SERVICES  
COMPANY  
A DIVISION OF CHEVRON  
USA INC  
P O BOX 730436  
DALLAS, TX 75373-0436

KAISER FRANCIS OIL COMPANY  
P O BOX 840234  
DALLAS, TX 75284

WELLSTAR CORPORATION  
11990 GRANT STREET SUITE 550  
DENVER, CO 80233

RICHARD ALTMAN & CO  
717 17TH ST STE 1400  
DENVER, CO 80202-3303

RICHMOND OIL COMPANY  
P. O. BOX 22439  
HOUSTON, TX 77227-2439

MOREENERGY EXPLORATION CORP  
410 17TH STREET STE 1150  
DENVER, CO 80202

JAMES S LEBSACK  
P O BOX 22215  
DENVER, CO 80222-0215

RUSSELL T RUDY ENERGY LLC  
5701 WOODWAY DRIVE # 222  
HOUSTON, TX 77057-9735

CLUB OIL & GAS LTD  
PO Box: 467  
OKLAHOMA CITY, OK 73101-0467

BURK ROYALTY CO  
PO Box: 94903  
WICHITA FALLS, TX 76308-  
0903

R W WILLINGHAM DBA  
INTEGRITY OIL & GAS CO  
704 COTTONWOOD CIR  
AZTEC, NM 87410-2077

MTH ESTATE LTD  
PO BOX 1759 DEPT 658  
HOUSTON, TX 77251-1759

A-8 INVESTMENT  
COMPANY  
P O BOX 17397  
SALT LAKE CITY, UT 84117

ARJAY OIL COMPANY  
PO Box: 904  
SALT LAKE CITY, UT 84110-0904

THE HATCH GROUP, LLC  
P O BOX 171139  
SALT LAKE CITY, UT 84117-1139

TECKLA OIL CO LLC  
1712 SE 35TH LANE  
OCALA, FL 34471-6781

A A MINERALS LLC  
P O BOX 3357  
ENGLEWOOD, CO 80155-3357

MIRIAM ZELA GRYNBERG TRUST  
C/O ANTON COLLINS MITCHELL LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

RACHEL SUSAN GRYNBERG  
TRUST  
C/O ANTON COLLINS  
MITCHELL LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

STEPHEN MARK GRYNBERG TRUST  
C/O ANTON COLLINS MITCHELL LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

WALTER MORRISON ESTATE  
C/O BEVERLY A ORR  
PO Box: 19367  
WASHINGTON, DC 20036

PANHANDLE OIL AND GAS  
INC  
DEPT 96-0299  
OKLAHOMA CITY, OK  
73196-0299

WALTON OIL COMPANY LLC  
575 E 4500 S STE B-260  
SALT LAKE CITY, UT 84107-4574

FAYTEK LIMITED  
C/O THOMAS E KELLY  
4705 MIRAMONT CIR  
BRYAN, TX 77802

ROBERT C ADAMS  
10698 COUNTRY CLUB DR  
AMERICAN FORK, UT 84003

ALF R THOMPSON TRUST  
1ST MID-ILLINOIS BANK & TRUST  
AND  
MARK HUNT JR TRUSTEES  
PO Box: 529  
MATTOON, IL 61938

ROBYN S HODGE ANDERSON  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

JOHN S ANTONGIOVANNI  
6610 MT WHITNEY DR  
BAKERSFIELD, CA 93309

JOHN ANTONGIOVANNI  
191 OLEANDER AVENUE  
BAKERSFIELD, CA 93304

BAKERSFIELD FUEL & OIL  
PO Box: 82515  
BAKERSFIELD, CA 93380

HUGH L BALSER TRUST  
BANK OF OKLAHOMA NA  
AGENT  
PO Box: 1588  
TULSA, OK 74101

PAMELA GIBBS BANTA  
6115 PRAIRIE VIEW DR  
SALT LAKE CITY, UT 84118-3233

MAURICE R BARNES JR  
3500 MONTE VERDE DRIVE  
SALT LAKE CITY, UT 84109

NANCY A BATT  
PO Box: 79784  
HOUSTON, TX 77279

JACK E BLANKENSHIP  
160 SAGEMONT CIRCLE  
PARACHUTE, CO 81635

FRANKLIN J BRADSHAW FAMILY  
TRUST  
WELLS FARGO BANK SAO  
PO Box: 40909  
AUSTIN, TX 78704

VAL BROWNING  
(no valid address available)

PATRICIA J BROWN  
45 BAIRD TRACE  
SPRINGFIELD, MA 01118

BUDJ TRUST  
JOHN L RITTS SUCCESSOR TRUSTEE  
P O BOX 5503  
AUSTIN, TX 78763

BUTTRAM ENERGIES INC  
2601 NW EXPRESSWAY  
SUITE 501W  
OKLAHOMA CITY, OK  
73112

C & J HILL LIMITED PTNSHP RLLLP  
22757 MEADOW VIEW ROAD  
MORRISON, CO 80465

C S V OIL EXPLORATION  
2005 SOUTH 300 WEST  
SALT LAKE CITY, UT 84115

KIMBERLY HILL  
CAMPBELL  
1905 SUNRAY COURT  
WEST LINN, OR 97068

CHARLES L CAVNESS  
2273 SOUTH FILLMORE STREET  
DENVER, CO 80210-4821

COVEY MINERALS INC  
GARY R NELSON  
HIGHLAND COMMERCIAL INC  
2733 E PARLEYS WAY STE 304  
SALT LAKE CITY, UT 84109

ROBERT L CRANMER TVW  
THOMAS L CRANMER SVC  
TTE  
221 DONMORE DRIVE  
GREAT FALLS, VA 22066

THOMAS L CRANMER  
221 DONMORE DR  
GREAT FALLS, VA 22066

WILLIAM H H CRANMER  
511 ORANGE ST  
HUDSON, WI 54016

COLLEEN L DALESKE  
4491 PINERIDGE COURT  
MOORPARK, CA 93021

ED SHEETS  
(no valid address available)

SUZANNE M DENTON COHEN  
C/O PRINCERIDGE M CHASMAN  
1633 BROADWAY  
NEW YORK, NY 10019

MARGARET E DIXON  
REVOCABLE LIVING T  
MARGARET E DIXON  
TRUSTEE  
1934 YALECREST AVENUE  
SALT LAKE CITY, UT 84108

MARILYN W EARLY FAMILY TR  
6245 OAK KNOLL DR  
SALT LAKE CITY, UT 84121-2182

PATRICIA REEDER EUBANK  
3350 CALLE BONITA  
SANTA YNEZ, CA 93460

GEORGE P WEILER TRUST  
GEORGE P WEILER  
TRUSTEE  
730 E THREE FOUNTAINS  
#84  
SALT LAKE CITY, UT 84107

PETER GIBBS  
3125 KENNEDY DR. #905  
SALT LAKE CITY, UT 84108

WILLIAM G GIBBS  
657 18TH AVENUE  
SALT LAKE CITY, UT 84103

HALE D FAMILY TRUST  
DENISE HALE TRUSTEE  
PO Box: 420683  
SAN FRANCISCO, CA 94142-  
0683

THOMAS E HALL TEST TRUST  
GLADE, BRUCE & EDWIN HALL  
TRSTEEES  
965 PINNOCCHIO DRIVE  
SALT LAKE CITY, UT 84116

MARY ROSE HARRIS  
48856 OAK ARBOR COURT  
SHELBY TOWNSHIP, MI 48317

FRANCES V HARTIG REV TR  
AMERICAN BK & TR CO  
6100 SOUTH YALE AVE  
TULSA, OK 74136-5739

LINDA L HAYES  
612 MCGINNIS LANE  
WILMINGTON, NC 28412

WILLIAM H HEISLER JR  
3841 ELLA LEE LN  
HOUSTON, TX 77027-4020

LAVON S HILL TRUST  
LAVON S HILL TRUSTEE  
7128 S POPLAR LANE  
CENTENNIAL, CO 80112-1635

JAMES WILLIAM HODGE  
223 N 198TH AVE  
ELKHORN, NE 68022-4869

SHIRLEY M HULL  
14938 CAMDEN AVE #47  
SAN JOSE, CA 95124

CONRAD E JARMAN  
680 E 100 SOUTH #109  
SALT LAKE CITY, UT 84102

JGS BALLARD PROPERTIES LLC  
300 BEALE STREET - APT #417  
SAN FRANCISCO, CA 94105-2094

CONNIE ADAMS JOHNSON  
518 NORTH MICHILANGLO DR  
GREEN VALLEY, AZ 85614

PAULA RACHEL KAUFMAN  
PO Box: 309  
GLORIETA, NM 87535

KNIGHT FAM TRUST PRISCILLA J  
KNIGHT  
TTE ANCHOR BANK  
RT 325170628 01076113042  
PO Box: 387  
ABERDEEN, WA 98520

LARSON REED P TRUST-REED P  
LARSON &  
LENNOX LARSON CO-TRUSTEE  
899 ISLAND DR APT 313  
RANCHO MIRAGE, CA 92270-3137

NINA F (JANE) LATHE  
3623 BETHANY CHURCH RD  
FRANKLINVILLE, NC 27248

RUTH C LEE  
332 W SOUTH AVE  
REDLANDS, CA 92373

HOUSTON LIGHTHOUSE INC  
C/O FARMERS NATIONAL CO  
AGENT 1350272-4213  
PO Box: 3480  
OMAHA, NE 68103-0480

GEORGIA FAYE LOPEZ  
74252 ANGEL'S CAMP RD.  
PALM DESERT, CA 92260

MATTISON FAMILY TRUST  
ROBERT J MATTISON  
1180 CORPORATE WAY APT 248  
SACRAMENTO, CA 95831-3880

REV WILLIAM MAXWELL  
515 VAN BUREN  
PORT TOWNSEND, WA 98368

TERESA JANE G MCENTIRE  
6654 SW 88TH AVE  
PORTLAND, OR 97223

THE VIVIAN D MCKAY FAMILY  
TRUST  
VIVIAN D MCKAY TRUSTEE  
1957 YALE AVE  
SALT LAKE CITY, UT 84108

LINDA R MCKENNA  
3289 CHESTER LANE  
BAKERSFIELD, CA 93309-1120

MARY A GIBBS MONSON  
3533 S BOUNTIFUL BLVD  
BOUNTIFUL, UT 84010

MORGAN GAS & OIL CO  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111-1963

MORGAN J H JR  
175 SOUTH MAIN STREET #1310  
SALT LAKE CITY, UT 84111

MORGAN JOHN SR ESTATE  
H M LEACH & JH MORGAN  
JR  
175 S MAIN ST STE 1310  
SALT LAKE CITY, UT 84111-  
1963

MORGAN LIMITED  
PARTNERSHIP  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111

GENE NICODEMUS REV LIVG TRUST  
GENE H NICODEMUS TRUSTEE  
4788 MILETUS WAY  
OCEANSIDE, CA 92056-5136

ISAAC W NORMAN  
12500 FM 1660  
TAYLOR, TX 76574

NSMC CORPORATION  
PO Box: 2057  
OKLAHOMA CITY, OK 73101

RALPH S O'CONNOR  
10000 MEMORIAL DR  
HOUSTON, TX 77024

OLD WEST ROYALTY  
PARTNERSHIP  
C/O CHARLES BROWN  
PO Box: 587  
MARLOW, OK 73055

SUSAN F TITUS OSBORN  
3133 PUENTE ST  
FULLERTON, CA 92835

P & L RESOURCES LTD  
6915 CHEVY CHASE  
DALLAS, TX 75225-2416

PENN RESOURCES INC  
3838 OAK LAWN SUITE 1216  
DALLAS, TX 75219

M B REAGAN  
470 WEST END AVE  
NEW YORK, NY 10024

JAMES C REEDER  
C/O AVERY & GREIG LLP  
2811 WILSHIRE BLVD SUITE 700  
SANTA MONICA, CA 90403

REUNIONAIRE CORP  
4809 COLE AVE SUITE 170  
DALLAS, TX 75205

JAMES M RICHARDSON  
2433 N PLANTATION DR  
VIRGINIA BEACH, VA 23454

DOUGLAS K SAUTER  
&/OR KATHRYN SAUTER  
6079 WEST CALHOUN DR  
LITTLETON, CO 80123

LORI L HILL SCHAFFER  
3115 149TH PL SE  
MILL CREEK, WA 98012

SHOTT TRUST ELOISE B  
ANDREW T SHOTT SUCC  
TTEE  
336 CONNELL AVE  
MISSOULA, MT 59801

PATRICIA A SHUTE  
1475 TWENTY-FIFTH AVE  
SAN FRANCISCO, CA 94122-3317

SILVER DOLLAR  
RESOURCES  
P O BOX 51110  
CASPER, WY 82605-1110

LISA K SMERNOFF  
PO Box: 441010  
AURORA, CO 80044

SUSAN LYNN SMERNOFF  
8 BEACON HILL LANE  
ENGLEWOOD, CO 80111

RICHARD SMOOT FAMILY  
LLC  
847 E 400 S  
SALT LAKE CITY, UT 84102

ST MARKS CATHEDRAL  
231 E 100 S  
SALT LAKE CITY, UT 84111

C E STAUFFER  
1038 BRONCHO RD  
PEBBLE BEACH, CA 93953

ERICK STAUFFER  
509 WILLOW ST  
PACIFIC GROVE, CA 93950

IRENE F STEVENS  
7305 CALLE PRIVADA  
BAKERSFIELD, CA 93309

STEWART FAMILY LLC IM  
C/O JUNE MILLER  
9614 STERN LN  
BROWNS VALLEY, CA 95918

ROMNEY M STEWART  
8858 SILVERSTONE WAY  
SANDY, UT 84093-1678

STONEGATE RESOURCES  
LLC  
P O BOX 680667  
PARK CITY, UT 84068-0677

BARBARA STOTTERN  
463 W HERITAGE DRIVE  
ST GEORGE, UT 84770

DORIS L MITTAG  
1727 NOGALUS  
CROSBY, TX 77532-3497

JANE ANDREA UHALT  
6500 MOUNT HOOD DR  
BAKERSFIELD, CA 93309

UNCLAIMED PROPERTY  
341 S MAIN 5TH FLOOR  
SALT LAKE CITY, UT 84111

TAMARA P UNDERWOOD  
736 EL RODEO ROAD  
SANTA BARBARA, CA  
93110

KENNETH R PLUNK  
TRUSTEE  
FBO URI OIL & GAS  
HOLDINGS LLC  
CITIZENS BANK  
PO Box: 1700  
KILGORE, TX 75663

GABRIELLE L VANHERWEG  
1020 OCONNOR WAY  
SAN LUIS OBISPO, CA 93405

MARGARET VILAND  
1276 EAST TOMAHAWK DR  
SALT LAKE CITY, UT 84103

MARJORIE MORGAN  
WAGSTAFF LIVING TRU  
MARJORIE M GRAY-  
WAGSTAFF TRUSTEE  
2002 KENSINGTON AVE  
SALT LAKE CITY, UT 84108

JUDITH C WALSH  
8224 ASHE RD  
BAKERSFIELD, CA 93313

DOUGLAS J & TINA  
WATSON J/T  
204A KENDRICK AVE  
WELLFLEET, MA 02667

EARL C & LEA WATSON  
WATSON TRUSTEES 12783  
449 CASITA COURT  
LOS ALTOS, CA 94022

RALPH AND INA WATSON FAMILY  
TRUST  
INA R WATSON TRUSTEE OF THE  
1033 LAKE STREET  
SALT LAKE CITY, UT 84105-1217

LOUISE M WEST  
2320 ELDRIDGE ST.  
GOLDEN, CO 80401

MATTHEW CULLEN WILKIN  
& JOSEPHINE WILKIN CO-  
TRUSTEES  
720 CASTANO AVE  
SAN ANTONIO, TX 78209

VIRGINIA WRAY  
(no valid address available)

ZION PETROLEUM  
COMPANY  
C/O LYNN & KAREN MILER  
2202 N GLENWOOD DR  
STILLWATER, OK 74075

STEPHEN & MARILYN SMOOT FAMILY  
TRUST  
STEPHEN SMOOT TRUSTEE  
875 DONNER WAY UNIT 705  
SALT LAKE CITY, UT 84108

CHEIRE NORWOOD, USUFRUCT  
633 CR 4524  
WHITEWRIGHT, TX 75491

PINECREST PARTNERS L P  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

PETROLERA CARLOS LLC  
2273 SO FILLMORE  
DENVER, CO 80210

PARKER FANNIN PROPERTIES LTD  
2273 FILLMORE  
DENVER, CO 80210

KENNETH C KILLIAN  
TRUST  
KENNETH C KILLIAN  
TRUSTEE  
1433 EAST VINE MEADOWS  
CIRCLE  
SALT LAKE CITY, UT 84121

THE GEORGE R BROWN PARTNERSHIP  
DEPT 628  
PO Box: 4346  
HOUSTON, TX 77210-4346

MAP2004-OK, AN OKL. GEN.  
PARTNERSHI  
C/O MINERAL ACQUISITION  
PARTNERS,  
PO Box: 269031  
OKLAHOMA CITY, OK 73126-9031

MILLIKIN UNIVERSITY  
C/O FARMERS NATIONAL  
CO AGENT  
OIL AND GAS DEPT  
PO Box: 3480  
OMAHA, NE 68103-0480

EVANSVILLE HISTORICAL FOUNDATION  
C/O FIRST MID-ILLINOIS  
BANK-TRUST  
PO Box: 449  
MATTOON, IL 61938

ERIC N SMERNOFF  
3211 ROSE HILL ROAD  
CARROLLTON, TX 75007

DAVID T SMERNOFF  
112 FOXWOOD ROAD  
PORTOLA VALLEY, CA  
94028

DIANE R SANCHEZ  
524 11TH ST  
IDAHO FALLS, ID 83404

D & D HILL LIMITED PTNSHP RLLLP  
10931 W INDORE DR  
LITTLETON, CO 80127

THOMAS L SIMPSON  
4837 INDIANOLA WAY  
LA CANADA, CA 91011

THE BRYANT BULLEN  
FAMILY PARTNERSHI  
3867 RUTH DRIVE  
SALT LAKE CITY, UT 84124

ROYALTY REPOSITORY II LLC  
PO Box: 670644  
DALLAS, TX 75267-0644

BARRY DOD AND  
JULIE DOD  
48 TOUCHSTONE  
LAKE OSWEGO, OR 97035

BRIAN W DOD  
15343 LOOKOUT ROAD  
APPLE VALLEY, CA 92307

ANN EDWARDS  
8201 SO SANTA FE DRIVE APT 3  
LITTLETON, CO 80120

JERRY MILBOURN  
1405 PADDOCKS COURT  
CROWNSVILLE, MD 21032

PAMELA ELLIS  
21216 TIGER LILY PLACE  
ASHBURN, VA 20147

JOAN R DUNCAN  
P O BOX 24267  
DENVER, CO 80224

KWB INC  
20 E 5TH STREET SUITE 1100  
TULSA, OK 74103-4416

BONANZA ROYALTIES LLC  
JILLIAN M HELMER CPA  
384 TESCONI COURT  
SANTA ROSA, CA 95401

JAY AND JACQUE BELL TRUST  
4632 IDLEWILD ROAD  
SALT LAKE CITY, UT 84124

JOAN MILLER AKA JOAN C  
WILKIN  
3649 VINE AVENUE  
NORCO, CA 92860-1866

KENT PETERSON  
(no valid address available)

RICHARD SHANE MCKNIGHT  
PO Box: 17169  
SALT LAKE CITY, UT 84177-0169

KAREN MCKNIGHT  
SIRSTINS  
11638 E ONYX AVE  
SCOTTSDALE, AZ 85259

DAVID J LESSER AS  
TRUSTEE OF THE  
DAVID & ELISABETH LESSER  
FAMILY TRST  
ORIGINALLY EST ON JULY 7  
2004 208 ANDERSON ST  
MANHATTAN BEACH,  
CA 90266

BELINDA LESSER  
1071 NEILSON ST  
ALBANY, CA 94706

LEONARD ALTADONNA  
TRUSTEE OF THE  
BBL/JAL EXMPT TRST  
UNDER DECLARATION  
LIVING TRST DTD 01/02/75  
21700 OXNARD ST STE 1250  
WOODLAND HILLS, CA  
91367-7587

KATHERINE HARVEY MITRI  
6 YELLOW BRICK RD  
RANCHO PALOS VERDES,  
CA 90275

MARY HARVEY  
2704 CEBADA CANYON RD  
LOMPOC, CA 93436

MARY ANN UZZI  
744 PRESCOTT PL  
PARAMUS, NJ 07652

JGDAM I LTD  
PO Box: 660  
ALPINE, TX 79831-0660

DIANA S NIELSEN TRUST  
DIANA S NIELSEN TRUSTEE  
695 THREE FOUNTAINS DR #160  
MURRAY, UT 84107

LINDA S POULTER FAMILY  
TRUST  
LINDA S POULTER  
TRUSTEE  
1363 EMBASSY CIRCLE  
SALT LAKE CITY, UT 84108

JON ROBERT HODGE  
IRREVOCABLE TRUST  
ROBYN HODGE ANDERSON  
TRUSTEE  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

CHRISTUS FOUNDATION FOR  
HEALTHCARE  
C/O FARMERS NATIONAL CO AGENT  
PO Box: 3480  
OMAHA, NE 68103-0480

WILLIAM C MCCARTY  
REVOC LVNG TR  
WILLIAM C MCCARTY TRUSTEE  
1895 CHIP DRIVE  
LAKE HAVASU CITY, AZ  
86406

MARK S DOLAR REVOCABLE  
TRUST DATED JULY 21 2008  
1333 COLLEGE PKWY #172  
GULF BREEZE, FL 32563

JANET K DOLAR REVOCABLE TRUST  
DATED JULY 21 2008  
1333 COLLEGE PKY #172  
GULF BREEZE, FL 32563

LARSON FAMILY TRUST  
CRAIG S LARSON &  
MARGARET A LARSON  
TRUSTEES  
3260 DEL MAR DRIVE  
SALT LAKE CITY, UT 84109

JOHN K LARSON 1999 DEC  
OF TRUST  
JOHN K LARSON TRUSTEE  
9715 WOODS DR #610  
SKOKIE, IL 60077

KRISTEN LARSON BECKSTEAD  
636 EAST 145 SOUTH  
PRESTON, ID 83263

ROBERT O HILL  
1201 MAIN AVE NO 402  
DURANGO, CO 81301

ELIZABETH HILL  
5911 CRESTBROOK DRIVE  
MORRISON, CO 80465-2219

THE HAGER-MOORE DESCENDANTS  
TRUST  
TRUSTEES KATHY CROSMAN AND  
JACQUELINE NEWELL  
PO Box: 17866  
SALT LAKE CITY, UT 84117-0866

THE PATRICIA ANN  
CUMMINGS REV TR  
TTEE JOHN AND CLEMENT  
CUMMINGS  
7814 DOUGLAS DRIVE  
PARK CITY, UT 84098

EGG LLC  
2045 EAST MAIN CANYON RD  
WALLSBURG, UT 84082

HATCH OIL AND GAS LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

ANDERSON RESOURCES  
COMPANY LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

ONG LLC  
61496 CULTUS LAKE CT  
BEND, OR 97702

FREDERICK U LEONARD III  
1943 JAMES PLACE  
SAN JOSE, CA 95125

STEPHEN C LEONARD  
1555 COLONIAL TERRACE  
#501  
ROSSALYN, VA 22209

SHORT 2008 TRUST  
WILLIAM H & PATRICIA D  
SHORT TTEE  
3767 PRAIRIE DUNES DR  
SARASOTA, FL 34238

J SANDRA STANTON TRUST  
J SANDRA STANTON TTEE  
1544 OCEAN AVE  
MANTOLOKING, NJ 08738

GERALDINE S GRAY  
57 NAUTILUS DR  
LEONARDO, NJ 07737

JAMES D SHORT & LORNA  
J SHORT LVG T  
JAMES D SHORT TTEE  
312 MORNINGSIDE DR  
PALM HARBOR, FL 34683

DRW HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

WENDY W SCHILLER  
1847 ARROYO CHAMISO  
SANTE FE, NM 87505

SHEILA W CARTER  
4901 SOUTH LAFAYETTE  
LANE  
ENGLEWOOD, CO 80110

MINTON OIL & GAS LLC  
C/O SUE MINTON-EDISON  
85328 S WILLIAMETTE ST  
EUGENE, OR 97405

VICTOR R JUDD  
PO Box: 984  
COALVILLE, UT 84017

ANITA BUSHELL  
HC13 BOX 3012  
CHESTER, UT 84623

JO JUDD  
105 SOUTH 100 EAST  
WILLARD, UT 84340

THE CHRIS A BOYER  
FAMILY TRUST  
PO Box: 743  
COALVILLE, UT 84017

G-FORCE ENTERPRIZES  
204 W SPEAR ST STE 3044  
CARSON CITY, NV 89703

BETTY MORGAN TRUST  
RICHARD S MORGAN TRUSTEE  
32 SILVERHORN DRIVE  
SAN ANTONIO, TX 78216

OIL & GAS TRUST UNDER A  
M CULVER  
DTD 11/18/70  
PO Box: 81045  
SAN DIEGO, CA 92138

WILLIAM H ADAMS III  
REV DEC TRUST  
WILLIAM H ADAMS III TSTEE  
1996 VIA VENTANA A  
LA MONTANA  
GREEN VALLEY, AZ 85622

POTTS FAMILY TRUST  
DENNIS AND MARY POTTS TSTES  
2502 DOWNINGTON AVE  
SALT LAKE CITY, UT 84108

ALTEX OIL CORP  
PO Box: 1057  
BRECKENRIDGE, CO 80424-  
1057

RIDGEROCKTX LLC  
PO Box: 30304  
EDMOND, OK 73003

DAVID R LEONARD 2010 LIVING  
TRUST  
DAVID RICHARDS LEONARD TSTE  
1454 ALMADEN VALLEY DRIVE  
SAN JOSE, CA 95120

VICKLUND FAMILY TRUST  
DTD 4/7/94  
JANICE K ALTEMUS SUCC  
TSTE  
ALTEMUS COMPANY  
1537 PONTIUS AVE 2ND  
FLOOR  
LOS ANGELES, CA 90025

BHD HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

DEVON ENERGY PRODUCTION CO LP  
PO Box: 843559  
DALLAS, TX 75284-3559

COLUMBINE II LTD  
PARTNERSHIP  
PO Box: 22854  
DENVER, CO 80222

TEMIN 1987 PARTNERSHIP AN  
OKLAHOMA GENERAL  
PARTNERSHIP  
PO Box: 731680  
DALLAS, TX 75397-1680

STATE OF UTAH  
SCHOOL & INSTITUTIONAL, TR LAND  
ADM  
675 EAST 500 SOUTH STE 500  
SALT LAKE CITY, UT 84102

E W MITCHELL  
(no valid address available)

VAN C SMITH  
(no valid address available)

SANDEFER CAPITAL PARTNERSHIP  
816 CONGRESS AVE STE 1240  
AUSTIN, TX 78701

ZIFF INVESTORS  
PARTNERSHIP I  
ATTN GERARD F DALVAN  
350 PARK AVE 11TH FLOOR  
NEW YORK, NY 10022

RICHARD HORN  
15846 W BAY AUD DRIVE  
GOLDEN, CO 80401

EM NOMINEE PARTNERSHIP CO.  
4582 ULSTER ST.  
DENVER, CO 80237-2632

  
Julie Ann Carter, Board Secretary

2031.0110  
224117

MAR 05 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

***EX PARTE* MOTION FOR  
BOARD NOTICE AND MOTION  
FOR CONSOLIDATED  
CLARIFICATION ORDER****Docket No. 99-008****Cause No. 173-14**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

**Docket No. 2009-012****Cause No. 173-24**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**Docket No. 2011-015****Cause No. 173-25**

Pursuant to Utah Admin. Code Rule R641-105-300, Kerr-McGee Oil & Gas Onshore LP (“KMG”), by and through its counsel of record, Beatty & Wozniak, P.C., hereby respectfully requests *ex parte* the Board of Oil, Gas and Mining (the “Board”) to issue a notice regarding entry of a Consolidated Clarification Order modifying its Consolidated Order entered on December 2, 1999 in Cause No. 173-14 (the “173-14 Order”), and its Orders entered on October 5, 2009 in Cause No. 173-24 (the “173-24 Order”) and on January 4, 2012 in Cause No. 173-25 (the “173-25 Order”) to clarify that: (1) all formations between the base of the Green River Formation and the top of the Mancos Shale are unitized under the terms of the Natural Buttes Unit Agreement approved effective January 5, 1968; (2) the Blackhawk Formation is within the Mesaverde Group; and (3) that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale, all in accordance with that certain Decision Letter dated February 28, 2012 issued by the Utah State Office of the Bureau of Land Management attached hereto as “Exhibit “A” and by this reference incorporated herein (the “Decision Letter”). KMG requests the Board to provide notice to interested parties (a list of whom KMG will concurrently provide to the Board’s secretary) of the Board’s intent to enter such order after thirty (30) days from the date of such notice. The proposed Notice is attached hereto as Exhibit “B” and by this reference incorporated herein. KMG notes that the requested Order is merely to conform said previous Orders to the Decision Letter and is for clarification purposes only.

The Decision Letter is self-explanatory and outlines and provides the justification for this Motion. As expressly stated in the Decision Letter, [the Orders entered in] “Causes 173-25, 173-24 and 173-14 will need to be modified to conform to the Decision Letter.” This Motion is made by KMG, as Operator of the Natural Buttes Unit and of the remaining lands subject to said

Orders, to comply with such directive. KMG avers and represents to the Board that the requested Order will have no impact upon revenue distribution to the production interest owners in the lands covered by said previous Orders.

Consequently, KMG respectfully requests the Board to enter a Consolidated Clarification Order modifying the 179-14, 179-24 and 179-25 Orders in the following particulars:

1. Findings of Fact No. 7 of the 173-14 Order:

- The word “Formation” be inserted after the word “Wasatch” and the word “Group” be substituted for the word “formations” appearing after the word “Mesaverde”; and
- The word “Shale” be substituted for the word “formation” at the end of the sentence.

2. Findings of Fact No. 9 of the 173-14 Order:

- In the second sentence, the word “Shale” be substituted for the word “formation” appearing after the word “Mancos”;
- The following be added after the word “Shale” is inserted: “. The top of the Mancos Formation is”; and
- The following sentence be inserted after the second sentence:

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

3. Findings of Fact No. 5 of the 173-24 Order:

- The word “Shale” be substituted for the word “formation” appearing after the word “Mancos”, and the rest of the indented portion appearing thereafter deleted; and
- The following sentences be substituted for the parenthetical appearing at the end of the sentence:

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The

depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

4. Findings of Fact No. 4 of the 173-25 Order:

- The word "Shale" be substituted for the word "formation" appearing after the word "Mancos"; and
- The following sentences be substituted for the parenthetical:

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations"; and

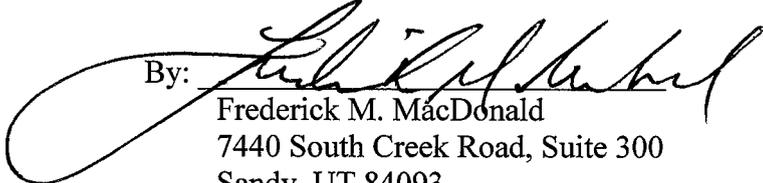
5. Findings of Fact No. 17 of the 173-25 Order:

- The word "NBU" be substituted for the words "Wasatch and Mesaverde" and the letter "F" be capitalized in the word "formation".

A proposed Consolidated Clarification Order to this effect is attached hereto as Exhibit "C" and by this reference incorporated herein.

Respectfully submitted this 5th day of March, 2012.

**BEATTY & WOZNIAK, P.C.**

By: 

Frederick M. MacDonald  
7440 South Creek Road, Suite 300  
Sandy, UT 84093  
Telephone: (801) 566-8446  
E-Mail: FMacDonald@bwenergy.com

Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP

2031.0110  
224103





# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>

Docket No. 2011-015 Cause No. 173-25  
Docket No. 2009-012 Cause No. 173-24  
Docket No. 1999-008 Cause No. 173-14

IN REPLY REFER TO:  
3160 – UTU63047X  
(UT-922100)

**FEB 28 2012**

**RECEIVED**

**FEB 29 2012**

CERTIFIED MAIL—7011 1150 0000 6739 5572  
Return Receipt Requested

DIV. OF OIL, GAS & MINING

Mr. Thomas Marranzino  
Kerr-McGee Oil & Gas Onshore, LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202-1918

**FILED**

**FEB 29 2012**

SECRETARY, BOARD OF  
OIL, GAS & MINING

### DECISION

Re: Natural Buttes Unit, Uintah County, Utah

Dear Mr. Marranzino:

This decision is issued in response to Kerr-McGee Oil & Gas Onshore, LP (Kerr-McGee)'s letter dated February 14, 2012, requesting that the Bureau of Land Management (BLM) confirm that all formations within the Mesaverde Group, including the Blackhawk Formation, are unitized under the terms of the Natural Buttes Unit Agreement, approved effective January 5, 1968.

Section 3 of the unit agreement states:

All land committed to this Agreement shall constitute land referred to herein as "unitized land" or "land subject to this Agreement". All oil and gas in any and all formations between the base of the Green River Formation and the top of the Mancos Formation of the unitized land are unitized under the terms of this Agreement and herein are called "unitized substances". All oil and gas in any and all formations above the base of the Green River Formation are not unitized and are not subject to any of the terms of this Agreement; and all oil and gas in any and all formations below the top of the Mancos Formation are not unitized and are not subject to any of the terms of this Agreement. For the purposes of this Agreement, the base of the Green River Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah. For the purpose of this Agreement, the top of the Mancos Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the

**EXHIBIT A**

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining



**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**NOTICE OF INTENT TO  
ISSUE CONSOLIDATED  
CLARIFICATION ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

**TO ALL INTERESTED PARTIES:**

The Utah Board of Oil, Gas and Mining (the "Board") hereby gives notice of its intent to issue the proposed Consolidated Clarification Order attached hereto as Exhibit "A" and by this reference incorporated herein in the captioned causes after thirty (30) days from the date of this Notice. The Order is being issued in accordance with the request made in that certain Decision Letter dated February 28, 2012 issued by the Utah State Office of the Bureau of Land Management, a copy of which is attached hereto as Exhibit "B" and by this reference incorporated herein, and is for the limited purpose of incorporating conforming clarifications concerning the unitized formations under the Natural Buttes Unit Agreement approved effective January 5, 1968. Kerr-McGee Oil & Gas Onshore LP, Operator of the Natural Buttes Unit and the other lands covered by the Order in Cause No. 173-24, has represented to the Board that the proposed Order will have no impact upon revenue distribution to the production interest owners in said lands.

Should any party desire to be heard by the Board concerning the proposed Order, he/she/it must file in writing with the Board's secretary (1594 West North Temple, Suite 1210, Salt Lake City, Utah 84116) notice of such desire, outlining with specificity the reason or reasons why such hearing should be held, and otherwise in accordance with the Board's procedural rules (Utah Admin. Code Rules R641-100 *et seq.*), within twenty (20) days of the date of this Notice.

Dated this \_\_\_\_ day of March, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the "Board"), having fully considered Kerr-McGee Oil & Gas Onshore LP's *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board's Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the "**Unitized Interval.**" The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the "173-24 Order"), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations."

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

2031.0110  
224174



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>

Docket No. 2011-015 Cause No. 173-25  
Docket No. 2009-012 Cause No. 173-24  
Docket No. 1999-008 Cause No. 173-14

IN REPLY REFER TO:  
3160 - UTU63047X  
(UT-922100)

FEB 28 2012

RECEIVED

FEB 29 2012

CERTIFIED MAIL—7011 1150 0000 6739 5572  
Return Receipt Requested

DIV. OF OIL, GAS & MINING

Mr. Thomas Marranzino  
Kerr-McGee Oil & Gas Onshore, LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202-1918

FILED

FEB 29 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING

### DECISION

Re: Natural Buttes Unit, Uintah County, Utah

Dear Mr. Marranzino:

This decision is issued in response to Kerr-McGee Oil & Gas Onshore, LP (Kerr-McGee)'s letter dated February 14, 2012, requesting that the Bureau of Land Management (BLM) confirm that all formations within the Mesaverde Group, including the Blackhawk Formation, are unitized under the terms of the Natural Buttes Unit Agreement, approved effective January 5, 1968.

Section 3 of the unit agreement states:

All land committed to this Agreement shall constitute land referred to herein as "unitized land" or "land subject to this Agreement". All oil and gas in any and all formations between the base of the Green River Formation and the top of the Mancos Formation of the unitized land are unitized under the terms of this Agreement and herein are called "unitized substances". All oil and gas in any and all formations above the base of the Green River Formation are not unitized and are not subject to any of the terms of this Agreement; and all oil and gas in any and all formations below the top of the Mancos Formation are not unitized and are not subject to any of the terms of this Agreement. For the purposes of this Agreement, the base of the Green River Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah. For the purpose of this Agreement, the top of the Mancos Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the

**EXHIBIT B**

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining



**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**Docket No. 2009-012**

**Cause No. 173-24**

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the “Board”), having fully considered Kerr-McGee Oil & Gas Onshore LP’s *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board’s Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the “**Unitized Interval.**” The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the “173-24 Order”), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the “NBU Formations.”

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman’s signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

2031.0110  
224174

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining

**FILED**

**BEFORE THE BOARD OF OIL, GAS AND MINING** DEC 0 2 1999  
**DEPARTMENT OF NATURAL RESOURCES**  
**STATE OF UTAH** SECRETARY, BOARD OF  
OIL, GAS & MINING

IN THE MATTER OF THE REQUEST )  
FOR AGENCY ACTION OF )  
COASTAL OIL & GAS )  
CORPORATION FOR AN ORDER )  
SUSPENDING R649-2-3 AND ANY )  
AND ALL EXISTING ORDERS )  
AFFECTING SPACING AND WELL )  
SITING AND LOCATION INSOFAR )  
AS THEY APPLY TO THE NATURAL )  
BUTTES UNIT AREA LOCATED IN )  
TOWNSHIPS 9 & 10 SOUTH, )  
RANGES 20, 21, & 22 EAST, S.L.M. )  
UINTAH COUNTY, UTAH )

**FINDINGS OF FACT**  
**AND**  
**CONCLUSIONS OF LAW**

Docket No. 99-008

Cause No. 173-14

IN THE MATTER OF THE REQUEST )  
FOR AGENCY ACTION OF )  
COASTAL OIL & GAS )  
CORPORATION FOR AN ORDER )  
MODIFYING THE ORDERS IN )  
CAUSE NOS. 173-1 AND 173-2 TO )  
CREATE A 480-ACRE EXCEPTION )  
DRILLING UNIT IN SECTION 1, )  
TOWNSHIP 9 SOUTH, RANGE 21 )  
EAST, S.L.M., AND TO EXTEND THE )  
ORDER IN CAUSE NO. 173-13 TO )  
THE SECTION 1 LANDS, )  
PROVIDING FOR THE DRILLING )  
OF ADDITIONAL WELLS TO )  
ACHIEVE A WELL DENSITY )  
EQUIVALENT OF 40-ACRE WELL )  
SPACING FOR PRODUCTION OF )  
GAS AND ASSOCIATED )  
HYDROCARBONS FROM THE )  
WASATCH-MESAVERDE )  
FORMATION IN THE OURAY FIELD )  
OF UINTAH COUNTY, UTAH )

**FINDINGS OF FACT**  
**AND**  
**CONCLUSIONS OF LAW**

Docket No. 99-010

Cause No. 173-15

**CONSOLIDATED ORDER**

Docket No. 99-008

Cause No. 173-14

Docket No. 99-010

Cause No. 173-15

These causes came on regularly for hearing before the Board of Oil, Gas and Mining (the “**Board**”) on Wednesday, August 25, 1999, at 10:00 a.m., in the Hearing Room of the Utah Department of Natural Resources at 1594 West North Temple Street, in Salt Lake City, Utah.

The following Board members present and participating in the hearing were: Chairman Dave D. Lauriski, Raymond Murray, Thomas B. Faddies, Elise L. Erler, W. Allan Mashburn, and James Peacock. John R. Baza, Associate Director for Oil and Gas of the Division of Oil, Gas and Mining (the “**Division**”) was present at and participated in the hearing.

Phillip Wm. Lear, Esq., of Snell & Wilmer L.L.P. appeared on behalf of Coastal Oil & Gas Corporation (“**Coastal**”), and Donald H. Spicer, Robert J. La Rocque, and Howard W. Musgrove appeared as witnesses for Coastal.

Thomas W. Bachtell, Esq., of Pruitt, Gushee & Bachtell appeared on behalf of Enron Oil & Gas Company (“**Enron**”). Enron appeared in support of Coastal’s Request for Agency Action, subject to the modifications identified herein.

Thomas A. Mitchell, Esq., Assistant Attorney General, represented the Board; and Patrick J. O’Hara, Esq., Assistant Attorney General, represented the Division. John R. Baza of the Division appeared to present the Staff Memoranda to the Board dated August 16, 1999, and the Division’s recommendations.

Robert Henricks and Assad Rafoul, Petroleum Engineers, Branch of Fluid Minerals (Utah State Office), and Jerry Kenczka, Petroleum Engineer (Vernal District Office), appeared for the United States Department of the Interior, Bureau of Land Management.

Charles W. Cameron, Petroleum Engineer, Uintah & Ouray Agency, appeared on behalf of the Bureau of Indian Affairs. Ferron Secakaku, Ute Indian Tribe, Department of Minerals, appeared on behalf of the Ute Indian Tribe.

James D. Cooper appeared on behalf of the Utah School and Institutional Trust Lands Administration.

**NOW THEREFORE**, the Board, having fully considered the testimony adduced and the exhibits received at the hearings, and being fully advised in the premises, makes and enters its Findings of Fact, Conclusions of Law, and Consolidated Order in these matters, as follows:

**PART I**  
**(Cause No. 99-008 Docket No. 173-14)**

**FINDINGS OF FACT**

1. The Board mailed notices of the July 28, 1999 hearing to interested parties on July 11, 1999, and caused notice to be published in the *Deseret News* and in the *Salt Lake Tribune* on July 7, 1999, and in the *Vernal Express* on July 7, 1999. By Order dated July 20, 1999, the Board continued the hearing to August 25, 1999.

2. Coastal mailed photocopies of the Request for Agency Action and the Amended Request for Agency Action to the last known address of all owners having legally protected interests in the Natural Buttes Unit by certified mail, return receipt requested.

3. Coastal is a Delaware corporation in good standing, having its principal place of business in Houston, Texas. Coastal is licensed to do business in Utah.

4. Coastal owns working interests in the lands which are the subject matter of this Request for Agency Action, as amended, and is operator of the Natural Buttes Unit.

5. The lands affected by this Request for Agency Action, as amended, are public domain lands of the United States of America administered by the Bureau of Land Management (the “BLM”); lands of the State of Utah administered by the State Institutional Trust Lands Administration; and private lands.

6. The lands committed to the Natural Buttes Unit are generally described as follows:

**Township 9 South, Range 20 East, S.L.M.**

Sections 12 through 15: All  
Sections 20 through 22: All  
Section 23: N $\frac{1}{2}$ , SW $\frac{1}{4}$   
Section 24: N $\frac{1}{2}$ N $\frac{1}{2}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ ,  
W $\frac{1}{2}$ SW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 25: W $\frac{1}{2}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ ,  
S $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 26: N $\frac{1}{2}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ ,  
SE $\frac{1}{4}$ SW $\frac{1}{4}$   
Section 27: NW $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ ,  
NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 28: N $\frac{1}{2}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 29: All  
Section 32: N $\frac{1}{2}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 33: NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$   
Section 35: E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$   
Section 36: N $\frac{1}{2}$

**Township 9 South, Range 21 East, S.L.M.**

Section 1: S $\frac{1}{2}$ S $\frac{1}{2}$   
Section 2: S $\frac{1}{2}$   
Section 3: S $\frac{1}{2}$   
Section 4: S $\frac{1}{2}$ S $\frac{1}{2}$   
Sections 7 through 31: All  
Section 32: N $\frac{1}{2}$   
Sections 33 through 35: All

**Township 9 South, Range 22 East, S.L.M.**

Section 7: S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$   
Section 17: W $\frac{1}{2}$ SW $\frac{1}{4}$   
Section 18: W $\frac{1}{2}$ , SE $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$   
Section 19: All  
Section 20: W $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$   
Section 29 through 36: All

**Township 10 South, Range 20 East, S.L.M.**

Sections 1, 12, 13, and 24: All  
Section 25: N $\frac{1}{2}$ , SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 26: All  
Section 35: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$

**Township 10 South, Range 21 East, S.L.M.**

Sections 1 through 22: All  
Section 23: W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 24: N $\frac{1}{2}$ N $\frac{1}{2}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 25: N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 26: N $\frac{1}{2}$ , SE $\frac{1}{4}$   
Section 27: All  
Section 28: N $\frac{1}{2}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$   
Sections 29 and 30: All  
Section 31: N $\frac{1}{2}$ NE $\frac{1}{4}$   
Section 32: NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$

**Township 10 South, Range 22 East, S.L.M.**

Sections 1 through 14: All (excepting a 27.94-acre parcel of land identified as Tract 110 in Exhibit "B" to the Natural Buttes Unit Agreement)  
Section 15: N $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ S $\frac{1}{2}$   
Sections 16 through 23: All  
Section 24: W $\frac{1}{2}$ , SE $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$   
Section 25: N $\frac{1}{2}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 26: All  
Section 27: NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ ,  
NW $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 28: N $\frac{1}{2}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$

Section 29: NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, SW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 30: N<sup>1</sup>/<sub>2</sub>, SE<sup>1</sup>/<sub>4</sub>, N<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>,  
SE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub>  
Section 31: N<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>, SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>  
Section 32: NW<sup>1</sup>/<sub>4</sub>, W<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>  
Section 33: SE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub>, E<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>  
Section 34: All  
Section 35: N<sup>1</sup>/<sub>2</sub>, SW<sup>1</sup>/<sub>4</sub>, N<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>,  
SW<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub>

(hereinafter “**Unit Lands**”).

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch and Mesaverde formations, generally described as being from the base of the Green River formation down to the top of the Mancos formation.

8. The base of the Green River formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail # 10 Well drilled by DeKalb Petroleum Company in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah.

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit # 5 Well drilled by Belco Petroleum Corporation in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The interval from the base of the Green River formation down to the top of the Mancos formation in the Unit Lands is referred to as the “**Unitized Interval.**” The Unitized Interval is a commonly

occurring section known throughout the Uinta Basin as a source of natural gas produced from channel sandstones.

10. The Unit Lands currently comprise public domain lands of the United States (71.45%), lands of the State of Utah (28.32%), allotted Indian lands (0.03%), and patented (fee) lands (0.20%).

11. There are lands within the Natural Buttes Unit Area boundaries that are not committed to the Unit Agreement. Those lands are situated in Uintah County and are described as follows:

**Township 9 South, Range 20 East, S.L.M.**

- Section 23: SE $\frac{1}{4}$
- Section 24: S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,  
E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 25: E $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ ,  
NW $\frac{1}{4}$ NE $\frac{1}{4}$
- Section 36: S $\frac{1}{2}$

**Township 9 South, Range 21 East, S.L.M.**

- Section 32: S $\frac{1}{2}$
- Section 36: All

**Township 10 South, Range 21 East, S.L.M.**

- Section 23: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 24: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ ,  
SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{2}$

**Township 10 South, Range 22 East, S.L.M.**

Sections 2 & 11: A 27.94-acre parcel of land identified as Tract 110 in Exhibit "B" to the Natural Buttes Unit Agreement

- Section 15: S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$

The foregoing lands are not Unit Lands and are not affected by the Board's action in this matter. All remaining Unit Lands, leases, and interests therein have been committed to the Natural Buttes Unit.

12. By Order dated September 29, 1955, the Board promulgated its Rule A-3 of the General Rules and Regulations and Rules of Practice and Procedure providing for the global suspension of certain operating rules, including its well location and siting rules, as to all lands committed to unit agreements approved by the Secretary of the Interior. The Board promulgated Rule A-3 pursuant to the then Utah Code Ann. § 40-6-11 which empowered the Board to suspend the operation of the Oil and Gas Conservation Act of 1955 as to lands committed to federally supervised unit agreements.

13. The Secretary of the Interior, through his authorized representative, approved the Natural Buttes Unit effective January 5, 1968.

14. Rule A-3 was in effect at the formation and approval of the Natural Buttes Unit.

15. In 1983, the Utah legislature repealed the Oil and Gas Conservation Act of 1955, as amended, and enacted a new Oil and Gas Conservation Act (the "Act"). See 1983 Utah L., ch. 205, § 1.

16. By Order in Cause No. 190-7 dated January 3, 1986, but effective December 2, 1985, the Board promulgated new rules, including Rule R649-2-3, providing that the Board may suspend certain Board orders and operating rules within federally supervised units. The rule states, as follows:

The board may suspend the application of the general rules or orders or any part thereof, with regard to any unit agreement approved by a duly authorized officer of the appropriate federal agency, so long as the conservation of oil or gas and the prevention of waste is accomplished thereby, but such suspension shall not

relieve any operator from making the reports as are otherwise required by the general rules or orders, or as may reasonably be requested by the board or the division in order to keep the board and the division fully informed as to operations under such unit agreements.

Utah Admin. Code R649-2-3 (1998).

17. The Rule A-3 suspension allowed the unit operator and other working interest owners to drill wells to and produce from the Unitized Interval in the Unit Lands pursuant to Plans of Unit Development approved by the BLM, without regard to lease and public land survey section line set-back requirements.

18. The Rule A-3 suspension and the Rule R649-2-3 suspension are hereinafter sometimes collectively referred to the “**Suspension.**”

19. Well location and density patterns within the Natural Buttes Unit are determined in accordance with the terms of the Natural Buttes Unit Agreement and the Unit Operating Agreement for the Natural Buttes Unit and the annual plans of unit development approved by the BLM. Drilling applications are approved by both the BLM and the Division.

20. During the period of the Rule A-3 suspension from January 5, 1968, the date the Natural Buttes Unit was approved to December 2, 1985, the effective date of R649-2-3, the Board entered its orders in Cause Nos. 173-1 and 173-2, establishing 320-acre lay-down drilling units for the Wasatch and Mesaverde formations in the Ouray Field. Notwithstanding Rule A-3, the Board Orders in Cause Nos. 173-1 and 173-2 overlapped the following Unit Lands:

**Township 9 South, Range 21 East, S.L.M.**

Section 1: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 4: S $\frac{1}{2}$ S $\frac{1}{2}$

21. The Orders in Cause Nos. 173-1 and 173-2 were modified by the Order in Cause No. 173-9-S, dated August 1, 1991, as to the overlapped portions of the Unit Lands in Sections 1 and 4, and other lands in the Ouray Field, to provide for the drilling of additional wells in the drilling units.

22. No spacing or other orders of the Board affect the Unitized Interval in the Unit Lands except orders in the Cause Nos. 173 series pertaining to the spacing of the Ouray Field.

23. Since inception of the Natural Buttes Unit, Coastal, its predecessor operators, and other working interest owners committed to the Natural Buttes Unit have drilled in excess of 600 wells to the Unitized Interval in the Unit Lands.

24. A set-back requirement of 460 feet from the boundary of the Unit Lands should be required for all wells drilled to the Unitized Interval in the Unit Lands after entry of this order.

25. The Suspension under Rule A-3 and R649-2-3 provides the greatest flexibility for orderly development of the Unitized Interval in the Unit Lands considering topographical, archeological, geological, and environmental restrictions within the Unit Area.

26. The parties to this hearing stipulated that Coastal has proceeded under the authority of Rule A-3 until the date Rule A-3 was superseded by the new Rule R-649-2-3; and from that day forward, Coastal was proceeding under the authority of the new rule (R649-2-3) on a *nunc pro tunc* basis. This stipulation applies equally to Coastal, its predecessor operators, and other working interest owners.

### CONCLUSIONS OF LAW

27. The Board has jurisdiction of the parties and of the subject matter of this Request for Agency Action, as amended, pursuant to Chapter 6 of Title 40 of the *Utah Code Annotated*.

28. Coastal properly served all owners having a legally protected interest in the subject matter of this hearing.

29. The Division gave due and regular notice of the time, place, and purpose of the hearing to all interested parties as required by law and by the rules and regulations of the Board.

30. Unitization of the lands of the United States was accomplished pursuant to the Mineral Leasing Act of 1920 (30 U.S.C.A. §§ 181, *et seq.*) and regulations issued pursuant thereto.

31. Unitization of the State of Utah lands was accomplished pursuant to chapter 1945 Utah Laws, chapter 127.

32. The Unitized Interval in the Unit Lands is deemed to be committed to the Natural Buttes Unit Agreement.

33. Coastal, its predecessor operators, and other working interest owners, lawfully proceeded under the authority of Rule A-3 until the date Rule A-3 was superseded by the new Rule R-649-2-3; and from that day forward, Coastal, its predecessor operators, and other working interest owners, have lawfully proceeded under the authority of the new rule (R649-2-3) on a *nunc pro tunc* basis.

34. By virtue of the Suspension, the Board's orders in the Cause No. 173 series of orders did not, and currently do not, apply to the Unitized Interval in the Unit Lands, notwithstanding express language to the contrary.

35. Because 40 acres constitute an area no smaller than the maximum area drained by one well in the Unitized Interval in south half of the south half of said Sections 1 and 4 of the Unit Lands or in the Ouray Field (*see* Findings of Fact and Conclusions of Law in Cause No. 173-15), no

correlative rights of parties owning interests in the south half of Sections 1 and 4 in Township 9 South, Range 21 East, S.L.M., have been violated.

36. Unitization of the Unitized Interval in the Unit Lands has since the inception of the Natural Buttes Unit accomplished, and currently accomplishes, the policies and purposes of the Act and its predecessor acts as to State of Utah lands and other Unit Lands, namely, to prevent waste, obtain the greater ultimate recovery of unitized substances, and protect correlative rights of all owners.

37. Coastal, its predecessor operators, and other working interest owners have complied with the tenets of the Act and its predecessor acts in the location and siting of wells, the protection of correlative rights, and the prevention of waste in the Unitized Interval in the Unit Lands.

38. The Suspension applies to all lands currently part of the Unit Lands and any lands added to the Natural Buttes Unit by expansion. Upon elimination of Unit Lands from the Natural Buttes Unit by contraction, termination of the unit, or otherwise, the existing operating rules and Board orders, as applicable, shall apply.

39. An order confirming the Suspension of the Act and its predecessor acts and operating rules as to the Unitized Interval in the Unit Lands within the Natural Buttes Unit pursuant to former Rule A-3 and current Rule R649-2-3 will promote the public interest, increase ultimate recovery, prevent waste, and protect correlative rights of all owners.

**PART II**  
**(Cause No. 99-010 Docket No. 173-15)**

**FINDINGS OF FACT**

1. The Board mailed notices of the August 25, 1999 hearing to interested parties on August 4, 1999, and caused notice to be published in the *Deseret News* and in the *Salt Lake Tribune* on August 8, 1999, and in the *Vernal Express* on August 4, 1999.

2. Coastal mailed photocopies of the Request for Agency Action to the last known address of all owners having interests in the spaced area to be modified by certified mail, return receipt requested.

3. Coastal owns working interests in the lands which are the subject matter of this Request for Agency Action.

4. The lands affected by this spacing modification are situated in Uintah County, Utah, and are more particularly described, as follows:

**Township 9 South, Range 21 East, S.L.M.**

Section 1: Lot 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$ ,  
N $\frac{1}{2}$ S $\frac{1}{2}$

(containing 491.59 acres, more or less)

(hereinafter "**Section 1 Lands**").

5. The Section 1 Lands are part of the Ouray Field, a designated field known for the production of gas from the Wasatch and Mesaverde formations.

6. By orders in Cause Nos. 173-1 and 173-2, the Board established lay-down, 320-acre drilling units comprising the north half and the south half of public land survey sections, or their equivalent lots, for production of gas and associated hydrocarbons from the Wasatch and Mesaverde

formations from lands in the Ouray Field, including the portions of the Section 1 Lands in the north half and in the north half of the south half of said Section 1. Those orders authorized one well in each drilling unit for production from the common source of supply. By order in Cause No. 173-9-S, the Board modified its original orders and authorized an additional well to be drilled in each drilling unit.

7. The orders in Cause Nos. 173-1 and 173-2 included the south half of the south half of said Section 1. Those lands are part of the Natural Buttes Unit for which the former statutes, operating rules, and regulations were, and have been, suspended pursuant to former Rule A-3 and current Rule R649-2-3.

8. By virtue of the Suspension, the north half of the south half of the said Section 1 is not part of an effective drilling unit for which wells may be drilled to the common source of supply, because it does not conform to a 320-acre drilling unit established for the Ouray Field.

9. The north half of the south half of the said Section 1 has not been pooled or communitized with other lands for development from the common source of supply. No wells have been drilled on the north half of the south half of the Section 1 Lands.

10. Combining the north half with the north half of the south half of said Section 1 to create an exception size, 480-acre drilling unit would allow the north half of the south half to develop the common source of supply it could not otherwise develop.

11. By order in Cause No. 173-13, the Board modified its orders in Cause Nos. 173-1, 173-2, and other orders in the Cause No. 173 series of orders affecting the Ouray Field, to provide for the drilling of additional wells in the established drilling units so as to allow up to eight wells per drilling unit and thereby creating *de facto* 40-acre spacing. The order in Cause No. 173-13 affected

the north half of the said Section 1, but did not modify the spacing in the north half of the south half of said Section 1.

12. The interval spaced in the orders in the Cause No. 173 series is the Wasatch-Mesaverde formation, more particularly described in the underlying orders 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 No. 5 located 1,908 feet from the south line and 2,360 feet from the west line of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22, Township 9 South, Range 22 East, S.L.M., Uintah County, Utah.

(hereinafter "**Spaced Interval**"). The Wasatch and Mesaverde formations are commonly occurring formations throughout the Uinta Basin.

13. The Cause Nos. 173 series of orders provide for permitted wells to be located no fewer than 920 feet from any other wells producing from the Spaced Interval and no closer than 460 feet from the exterior boundaries or lease lines as to the north half of said Section 1, and within a drilling window having a radius of 660 feet from the center of the quarter section and no fewer than 2,040 feet from any other wells producing from the Spaced Interval as to the south half of said Section 1.

14. The Section 1 Lands comprise public domain lands of the United States, allotted Indian lands, and patented (fee) lands.

15. Geologic and engineering data obtained from existing gas wells on the Section 1 Lands and other drilling and development operations in the Ouray Field and surrounding areas have determined that 40 acres constitute an area no smaller than the maximum area drainable by one well in the Spaced Interval and support the extension of the order in Cause No. 173-13 to the north half

of the south half of said Section 1, providing for well density equivalent to 40-acre well spacing for the development of the Spaced Interval underlying those lands.

16. The permitted wells are to be located no fewer than 920 feet from other wells completed and producing from the Wasatch-Mesaverde formation and no closer than 460 feet from the exterior boundary of the 480-acre, exception size drilling unit, or such other location on the Section 1 Lands as may be granted administratively by the Board pursuant to *Utah Administrative Code* R649-3-3.

17. Creating an exception size drilling unit comprising the north half and the north half of the south half of said Section 1, protects the correlative rights of all parties in said Section 1 without violating the correlative rights of any parties.

18. Extending the order in Cause No. 173-13 to embrace the entirety of the exception size, 480-acre drilling unit comprising the north half and the north half of the south half of said Section 1, protects the correlative rights of all parties in Section 1 without violating the correlative rights of any parties.

19. The parties to this hearing stipulated that Coastal has proceeded under the authority of Rule A-3 until the date Rule A-3 was superseded by the new Rule R-649-2-3; and from that day forward, Coastal was proceeding under the authority of the new rule (R649-2-3) on a *nunc pro tunc* basis. This stipulation applies equally to Coastal, its predecessor operators, and other working interest owners.

### CONCLUSIONS OF LAW

20. The Board has jurisdiction of the parties and of the subject matter of this Amended Request for Agency Action pursuant to Chapter 6 of Title 40 of the *Utah Code Annotated*.

21. Coastal properly served all owners having a legally protected interest in the subject matter of this hearing, including persons in the immediately adjoining and diagonally off-setting drilling units and in the Natural Buttes Unit lands abutting the exception drilling unit.

22. The Division gave due and regular notice of the time, place, and purpose of the hearing to all interested parties as required by law and by the rules and regulations of the Board.

23. An order establishing an exception size, 480-acre drilling unit comprising the Section 1 Lands will promote the public interest, increase ultimate recovery, prevent waste, and protect correlative rights of all owners.

24. An order extending the Board's order in Cause No. 173-13 providing for additional wells to be drilled in the entire exception size, 480-acre drilling unit; establishing a well density equivalent to 40-acre spacing; and authorizing up to 12 wells to be drilled to and produced from the Spaced Interval will promote the public interest, increase ultimate recovery, prevent waste, and protect correlative rights of all owners.

25. Because 40 acres constitute an area no smaller than the maximum area drained by one well in the Unitized Interval in the Unit Lands or in the Spaced Interval in the Ouray Field, no correlative rights of parties in the south half of Section 1 of Township 9 South, Range 21 East, S.L.M., have been violated by the Suspension of the Board's rules and orders affecting the Unit Lands.

26. With regard to the south half of Section 1 of Township 9 South, Range 21 East, S.L.M., Coastal, its predecessor operators, and other working interest owners, lawfully proceeded under the authority of Rule A-3 until the date Rule A-3 was superseded by the new Rule R-649-2-3;

and from that day forward, Coastal, its predecessor operators, and other working interest owners, have lawfully proceeded under the authority of the new rule (R649-2-3) on a *nunc pro tunc* basis.

### **CONSOLIDATED ORDER**

**IT IS THEREFORE ORDERED** that in order to promote the public interest, to increase the ultimate recovery of the resource, to prevent physical waste of gas and associated hydrocarbons, and to protect the correlative rights of all owners:

A. Coastal's Request for Agency Action in Cause No. 173-14, as amended, and as further amended at the hearing, is granted.

B. Suspension of the Board's operating rules and orders as to the Unitized Interval in the Unit Lands pursuant to former Rule A-3 and current Rule 649-2-3 is hereby confirmed from inception of the Natural Buttes Unit to current date.

C. The Suspension has applied and shall apply to all lands committed to the Natural Buttes Unit until such time as the lands are eliminated from the unit by contraction or termination of the unit. Further, the Suspension shall automatically apply to the Unitized Interval in all lands brought within the Natural Buttes Unit by expansion approved by the appropriate federal and State of Utah regulatory authorities, effective upon approval of said expansion.

D. The Board's orders in the Cause Nos. 173 series of orders have not during the period of Suspension applied, and currently do not apply, to the Unitized Interval in the Unit Lands, except to the extent the owners having legally protected interests in the affected lands have expressly agreed in writing, including, but not limited to the Communitization Agreement affecting the south half of Section 4 in Township 9 South, Range 21 East, S.L.M.

E. Wells drilled to the Unitized Interval in the Unit Lands shall be no closer than 460 feet from the unit boundary line including interior boundaries formed by uncommitted windows of lands within the Natural Buttes Unit.

F. All wells drilled to date and producing for which are capable of producing from the Unitized Interval in the Unit Lands pursuant to the approved Unit Plans of Development are hereby deemed to have been drilled in compliance with those Unit Plans of Development and with accepted conservation principles.

G. Coastal's Request for Agency Action in Cause No. 173-15, as amended at the hearing, is granted.

H. The orders in Cause Nos. 173-1, 173-2, 173-9-S, 173-12(A), and 173-13 are hereby amended to expand the drilling unit for the north half of Section 1, Township 9 South, Range 21 East, S.L.M., to include the north half of the south half of said Section 1 and shall constitute an exception size, 480-acre drilling units comprising 12 quarter-quarter sections or equivalent lots pursuant to the public land survey for that said Section 1.

I. The Board's order in Cause No. 173-13 is hereby amended to extend to and include said north half of the south half of said Section 1, providing for the drilling of up to twelve wells in the exception size, 480-acre drilling unit for the production of gas and associated hydrocarbons from the Spaced Interval, resulting in a *de facto* 40-acre patterns for production from the Spaced Interval. The permitted wells shall be located no fewer than 920 feet from other wells completed and producing from the Spaced Interval and no closer than 460 feet from the exterior boundary of the 480-acre drilling unit, or such other location on the Section 1 Lands as may be granted administratively by the Board pursuant to *Utah Administrative Code* R649-3-3.

J. The Board's orders in the Cause Nos. 173 series of orders as to the south half of the south half of Section 1 in Township 9 South, Range 21 East, S.L.M., are hereby vacated in order to effectuate the creation of the exception size, 480-acre drilling unit on the Section 1 Lands.

K. Administrative approval may be granted for exception well locations within the exception-size, 480-acre drilling unit for topographic, environmental, and archaeological considerations and when "no surface occupancy" stipulations imposed by the landowners (lessors) prohibit drilling at a legal location, without the necessity of a full hearing before the Board.

L. The Board has considered and decided these matters as formal adjudications, pursuant to the Utah Administrative Procedures Act, Utah Code Ann. §§ 63-46b-6 through -10 (1993), and of the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin. Code R641 (1998).

M. These Findings of Fact, Conclusions of Law, and Consolidated Order ("**Order**") are based exclusively upon evidence of record in these proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, as required by the Utah Administrative Procedures Act, Utah Code Ann. § 63-46b-10 (1993), and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin. Code R641-109 (1998); and constitutes final agency actions as defined in the Utah Administrative Procedures Act and Board rules.

N. **Notice of Right of Judicial Review by the Supreme Court of the State of Utah.** The Board hereby notifies all parties to these proceeding that they have the right to seek judicial review of this Order by filing an appeal with the Supreme Court of the State of Utah within 30 days after the date this Order is entered. Utah Code Ann. § 63-46b-10(f) (1993).

O. **Notice of Right to Petition for Reconsideration.** As an alternative, but not as a prerequisite to judicial review, the Board hereby notifies all parties to these proceedings that they may apply for reconsideration of this Order. Utah Code Ann. § 63-46b-10(e) (1993). The Utah Administrative Procedures Act provides:

(1) (a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Utah Code Ann. § 63-46b-13 (1993).

The Rules of Practice and Procedure before the Board of Oil, Gas and Mining entitled “Rehearing and Modification of Existing Orders” state:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

Utah Admin. Code R641-110-100 (1998).

The Board hereby rules that should there be any conflict between the deadlines provided in the Utah Administrative Procedures Act and the Rules of Practice and Procedure before the Board

of Oil, Gas and Mining, the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the aggrieved party may seek judicial review of the order by perfecting an appeal with the Utah Supreme Court within 30 days thereafter.

P. The Board retains exclusive and continuing jurisdiction of all matters covered by this Order and of all parties affected thereby; and specifically, the Board retains and reserves exclusive and continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

Q. The Chairman's signature on a facsimile copy of this Order shall be deemed the equivalent of a signed original for all purposes.

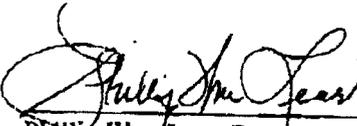
R. Due to the complexity of the issues involved in these matters, the parties have been granted additional time to prepare and approve this Order.

Issued this 2<sup>nd</sup> day of ~~November~~ <sup>December (1999)</sup>, 1999.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

  
\_\_\_\_\_  
Dave D. Lauriski, Chairman

Approved as to Form:

  
\_\_\_\_\_  
Phillip Wm. Lear, Esq  
Attorney for Coastal Oil &  
Gas Corporation

of Oil, Gas and Mining, the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the aggrieved party may seek judicial review of the order by perfecting an appeal with the Utah Supreme Court within 30 days thereafter.

P. The Board retains exclusive and continuing jurisdiction of all matters covered by this Order and of all parties affected thereby; and specifically, the Board retains and reserves exclusive and continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

Q. The Chairman's signature on a facsimile copy of this Order shall be deemed the equivalent of a signed original for all purposes.

R. Due to the complexity of the issues involved in these matters, the parties have been granted additional time to prepare and approve this Order.

Issued this \_\_\_ day of November, 1999.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

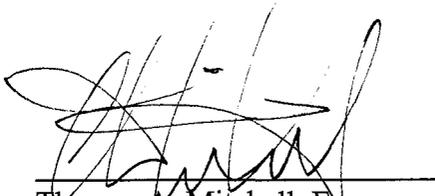
---

Dave D. Lauriski, Chairman

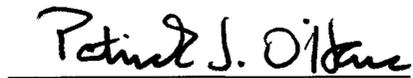
Approved as to Form:



Phillip Wm. Lear, Esq  
Attorney for Coastal Oil &  
Gas Corporation



Thomas A. Mitchell, Esq.  
Assistant Attorney General  
Attorney for the Board



Patrick J. O'Hara  
Assistant Attorney General  
Attorney for the Division



Thomas W. Bachtell, Esq.  
Attorney for Enron Oil & Gas Company

## CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing Findings of Fact, Conclusions of Law, and Consolidated Order for Docket No. 99-008, Cause No. 173-14 and for Docket No. 99-010, Cause No. 173-15 to be mailed with postage prepaid, this 6th day of December, 1999, to the following:

Phillip Wm. Lear, Esq.  
Christopher D. Jones  
SNELL & WILMER  
Attorneys for Coastal Oil & Gas Corporation  
111 East Broadway, Suite 900  
Salt Lake City, UT 84111

Thomas W. Bachtell, Esq.  
Michael S. Johnson, Esq.  
PRUITT, GUSHEE & BACHTELL  
Attorneys for EOG Resources, Inc.  
(Formerly Enron Oil & Gas Company)  
1850 Beneficial Life Tower  
Salt Lake City, UT 84111

Thomas A. Mitchell, Esq.  
Assistant Attorney General  
Attorney for Board of Oil, Gas & Mining  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

Patrick J. O'Hara, Esq.  
Assistant Attorney General  
Attorney for Division of Oil, Gas & Mining  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

John Baza  
Associate Director, Oil & Gas  
Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801  
(Hand Delivered)

Donald H. Spicer  
The Coastal Tower  
Nine Greenway Plaza East  
Houston, TX 77046

Robert A. Henricks  
United States of America  
Bureau of Land Management  
Utah State Office  
304 South State Street, Suite 300  
Salt Lake City, UT 84111

Jerry Kenczka  
United States of America  
Bureau of Land Management  
Vernal District Office  
170 South 500 East  
Vernal, UT 84078

State of Utah  
School and Institutional  
Trust Lands Administration  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

David L. Allison  
Bureau of Indian Affairs  
Uintah & Ouray Agency  
P.O. Box 130  
988 South 7500 East  
Fort Duchesne, UT 84026

Toni Lei Miller  
Enron Oil & Gas Company  
600 17th Street, Suite 1100N  
Denver, CO 80202

Jerome Baier  
Northwestern Mutual Life Insurance Co.  
720 East Wisconsin Ave., Room N18EC  
Milwaukee, WI 53202

Texacan Energy, Inc.  
8139 FM 359 RD  
Richmond, TX 77469

Robert T. Brown  
3978 Valleybrook Dr.  
Conneaut, OH 44030

Robert E. Bush  
6213 Doliver  
Houston, TX 77057

Martha Lee Davis  
Rt. 2, Box 3040  
Navasota, TX 77868

John K. McGee  
9222 Timberside Dr.  
Houston, TX 77025

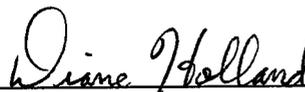
Roy Bennett Davis, Jr.  
Rt. 2, Box 3040  
Navasota, TX 77868

Chandler & Associates, Inc.  
475 17th Street, Suite 1000  
Denver, CO 80202

Key Production Company, Inc.  
707 17th Street, Suite 3300  
Denver, CO 80202-3404

Earl Gritton  
2586 Elizabeth #4  
Salt Lake City, UT 84106

Posse Petroleum Ltd.  
1111 Fannin, Suite 1700  
Houston, TX 77002

  
\_\_\_\_\_

**FILED**

JUL 21 1999

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

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

IN THE MATTER OF THE REQUEST )  
FOR AGENCY ACTION OF )  
COASTAL OIL & GAS )  
CORPORATION FOR AN ORDER )  
SUSPENDING R649-3-2 AND ANY )  
AND ALL EXISTING ORDERS )  
AFFECTING SPACING AND WELL )  
SITING AND LOCATION INSOFAR )  
AS THEY APPLY TO THE NATURAL )  
BUTTES UNIT AREA LOCATED IN )  
TOWNSHIPS 9 & 10 SOUTH, )  
RANGES 20, 21, & 22 EAST, S.L.M. )  
UINTAH COUNTY, UTAH )

**ORDER GRANTING CONTINUANCE**

Docket No. 99-008

Cause No. 173-14

The **BOARD OF OIL, GAS & MINING** having considered the motion of **COASTAL OIL & GAS CORPORATION**, Petitioner in this matter, for an order continuing the hearing in this matter to the regularly scheduled hearing date in August 1999, and being fully advised in the premises;

IT IS HEREBY ORDERED that the Motion for Continuance is granted and the above-captioned case continued to the regularly scheduled hearing on August 25, 1999.

DATED this 20th day of July, 1999.

BOARD OF OIL, GAS AND MINING

By *Dave Lauriski*  
Dave D. Lauriski  
Chairman

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing ORDER GRANTING CONTINUANCE for Docket No. 99-008, Cause No. 173-14 to be mailed, postage prepaid, this 22 day of July, 1999, to the following:

Phillip Wm. Lear  
Christopher D. Jones  
SNELL & WILMER  
Attorneys for Coastal Oil & Gas Corporation  
111 East Broadway, Suite 900  
Salt Lake City, UT 84111

Patrick J. O'Hara  
Assistant Attorney General  
Attorney for Division of Oil, Gas & Mining  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

Thomas A. Mitchell  
Assistant Attorney General  
Attorney for Board of Oil, Gas & Mining  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

Philip C. Pugsley  
Attorney for Board of Oil, Gas & Mining  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

John Baza  
Associate Director, Oil & Gas  
Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801  
(Hand Delivered)

Donald H. Spicer  
The Coastal Tower  
Nine Greenway Plaza East  
Houston, TX 77046

Robert A. Henricks  
United States of America  
Bureau of Land Management  
Utah State Office  
304 South State Street, Suite 300  
Salt Lake City, UT 84111

Jerry Kenczka  
United States of America  
Bureau of Land Management  
Vernal District Office  
170 South 500 East  
Vernal, UT 84078

State of Utah  
School and Institutional  
Trust Lands Administration  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

David L. Allison  
Bureau of Indian Affairs  
Uintah & Ouray Agency  
P.O. Box 130  
988 South 7500 East  
Fort Duchesne, UT 84026

Ms. Toni Miller  
Enron Oil & Gas Company  
600 17<sup>th</sup> Street, Suite 1100N  
Denver, CO 80202

Mr. Jerome Baier  
Northwestern Mutual Life Insurance Co.  
720 East Wisconsin Ave., Room N18EC  
Milwaukee, WI 53202

Texacan Energy, Inc.  
8139 FM 359 RD  
Richmond, TX 77469

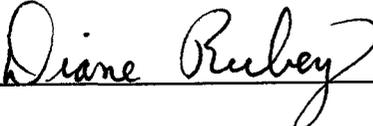
Robert T. Brown  
3978 Valleybrook Dr.  
Conneaut, OH 44030

Robert E. Bush  
6213 Doliver  
Houston, TX 77057

Martha Lee Davis  
Rt. 2, Box 3040  
Navasota, TX 77868

John K. McGee  
9222 Timberside Dr.  
Houston, TX 77025

Roy Bennett Davis, Jr.  
Rt. 2, Box 3040  
Navasota, TX 77868

  
\_\_\_\_\_

**FILED**

APR 10 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING

**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the “Board”), having fully considered Kerr-McGee Oil & Gas Onshore LP’s *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board’s Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the “**Unitized Interval.**” The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the “173-24 Order”), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the “NBU Formations.”

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman’s signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this 10<sup>th</sup> day of April, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: James T. Jensen  
James T. Jensen, Chairman

2031.0110  
224174

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing CONSOLIDATED CLARIFICATION ORDER to be mailed with postage prepaid, this 10th day of April, 2012, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
7440 South Creek Road, Suite 300  
Sandy, UT 84093  
E-Mail: FMacDonald@bwenergylaw.com

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marrassino,  
Landman  
1099 18th Street, Suite 1800  
Denver, CO 80202  
E-Mail:  
Tom.Marrassino@anadarko.com

Michael S. Johnson  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
(Via E-Mail)

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
(Via E-Mail)

KAISER FRANCIS OIL  
COMPANY  
P O BOX 840234  
DALLAS, TX 75284

ROEC INC  
PO Box: 33440  
SANTA FE, NM 87594

CHEVRON SERVICES COMPANY  
A DIVISION OF CHEVRON USA INC  
P O BOX 730436  
DALLAS, TX 75373-0436

RICHMOND OIL COMPANY  
P. O. BOX 22439  
HOUSTON, TX 77227-2439

WELLSTAR CORPORATION  
11990 GRANT STREET SUITE 550  
DENVER, CO 80233

RICHARD ALTMAN & CO  
717 17TH ST STE 1400  
DENVER, CO 80202-3303

RUSSELL T RUDY ENERGY LLC  
5701 WOODWAY DRIVE # 222  
HOUSTON, TX 77057-9735

MOREENERGY EXPLORATION CORP  
410 17TH STREET STE 1150  
DENVER, CO 80202

JAMES S LEBSACK  
P O BOX 22215  
DENVER, CO 80222-0215

R W WILLINGHAM DBA  
INTEGRITY OIL & GAS CO  
704 COTTONWOOD CIR  
AZTEC, NM 87410-2077

CLUB OIL & GAS LTD  
PO Box: 467  
OKLAHOMA CITY, OK 73101-0467

BURK ROYALTY CO  
PO Box: 94903  
WICHITA FALLS, TX 76308-0903

ARJAY OIL COMPANY  
PO Box: 904  
SALT LAKE CITY, UT 84110-0904

MTH ESTATE LTD  
PO BOX 1759 DEPT 658  
HOUSTON, TX 77251-1759

A-8 INVESTMENT COMPANY  
P O BOX 17397  
SALT LAKE CITY, UT 84117

A A MINERALS LLC  
P O BOX 3357  
ENGLEWOOD, CO 80155-3357

THE HATCH GROUP, LLC  
P O BOX 171139  
SALT LAKE CITY, UT 84117-1139

TECKLA OIL CO LLC  
1712 SE 35TH LANE  
OCALA, FL 34471-6781

STEPHEN MARK GRYNBERG  
TRUST  
C/O ANTON COLLINS MITCHELL  
LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

MIRIAM ZELA GRYNBERG TRUST  
C/O ANTON COLLINS MITCHELL  
LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

RACHEL SUSAN GRYNBERG  
TRUST  
C/O ANTON COLLINS MITCHELL  
LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

WALTON OIL COMPANY LLC  
575 E 4500 S STE B-260  
SALT LAKE CITY, UT 84107-4574

WALTER MORRISON ESTATE  
C/O BEVERLY A ORR  
PO Box: 19367  
WASHINGTON, DC 20036

PANHANDLE OIL AND GAS INC  
DEPT 96-0299  
OKLAHOMA CITY, OK 73196-0299

ALF R THOMPSON TRUST  
1ST MID-ILLINOIS BANK &  
TRUST AND  
MARK HUNT JR TRUSTEES  
PO Box: 529  
MATTOON, IL 61938

FAYTEK LIMITED  
C/O THOMAS E KELLY  
4705 MIRAMONT CIR  
BRYAN, TX 77802

ROBERT C ADAMS  
10698 COUNTRY CLUB DR  
AMERICAN FORK, UT 84003

JOHN ANTONGIOVANNI  
191 OLEANDER AVENUE  
BAKERSFIELD, CA 93304

ROBYN S HODGE ANDERSON  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

JOHN S ANTONGIOVANNI  
6610 MT WHITNEY DR  
BAKERSFIELD, CA 93309

PAMELA GIBBS BANTA  
6115 PRAIRIE VIEW DR  
SALT LAKE CITY, UT 84118-3233

BAKERSFIELD FUEL & OIL  
PO Box: 82515  
BAKERSFIELD, CA 93380

HUGH L BALSER TRUST  
BANK OF OKLAHOMA NA AGENT  
PO Box: 1588  
TULSA, OK 74101

JACK E BLANKENSHIP  
160 SAGEMONT CIRCLE  
PARACHUTE, CO 81635

MAURICE R BARNES JR  
3500 MONTE VERDE DRIVE  
SALT LAKE CITY, UT 84109

NANCY A BATT  
PO Box: 79784  
HOUSTON, TX 77279

PATRICIA J BROWN  
45 BAIRD TRACE  
SPRINGFIELD, MA 01118

FRANKLIN J BRADSHAW FAMILY  
TRUST  
WELLS FARGO BANK SAO  
PO Box: 40909  
AUSTIN, TX 78704

VAL BROWNING  
(no valid address available)

C & J HILL LIMITED PTNSHP  
RLLLP  
22757 MEADOW VIEW ROAD  
MORRISON, CO 80465

BUDJ TRUST  
JOHN L RITTS SUCCESSOR  
TRUSTEE  
P O BOX 5503  
AUSTIN, TX 78763

BUTTRAM ENERGIES INC  
2601 NW EXPRESSWAY SUITE  
501W  
OKLAHOMA CITY, OK 73112

CHARLES L CAVNESS  
2273 SOUTH FILLMORE STREET  
DENVER, CO 80210-4821

C S V OIL EXPLORATION  
2005 SOUTH 300 WEST  
SALT LAKE CITY, UT 84115

KIMBERLY HILL CAMPBELL  
1905 SUNRAY COURT  
WEST LINN, OR 97068

THOMAS L CRANMER  
221 DONMORE DR  
GREAT FALLS, VA 22066

COVEY MINERALS INC  
GARY R NELSON  
HIGHLAND COMMERCIAL INC  
2733 E PARLEYS WAY STE 304  
SALT LAKE CITY, UT 84109

ROBERT L CRANMER TVW  
THOMAS L CRANMER SVC TTE  
221 DONMORE DRIVE  
GREAT FALLS, VA 22066

ED SHEETS  
(no valid address available)

WILLIAM H H CRANMER  
511 ORANGE ST  
HUDSON, WI 54016

COLLEEN L DALESKE  
4491 PINERIDGE COURT  
MOORPARK, CA 93021

MARILYN W EARLY FAMILY TR  
6245 OAK KNOLL DR  
SALT LAKE CITY, UT 84121-2182

SUZANNE M DENTON COHEN  
C/O PRINCERIDGE M CHASMAN  
1633 BROADWAY  
NEW YORK, NY 10019

MARGARET E DIXON REVOCABLE  
LIVING T  
MARGARET E DIXON TRUSTEE  
1934 YALECREST AVENUE  
SALT LAKE CITY, UT 84108

PETER GIBBS  
3125 KENNEDY DR. #905  
SALT LAKE CITY, UT 84108

PATRICIA REEDER EUBANK  
3350 CALLE BONITA  
SANTA YNEZ, CA 93460

GEORGE P WEILER TRUST  
GEORGE P WEILER TRUSTEE  
730 E THREE FOUNTAINS #84  
SALT LAKE CITY, UT 84107

THOMAS E HALL TEST TRUST  
GLADE, BRUCE & EDWIN HALL  
TRSTEEES  
965 PINNOCCHIO DRIVE  
SALT LAKE CITY, UT 84116

WILLIAM G GIBBS  
657 18TH AVENUE  
SALT LAKE CITY, UT 84103

HALE D FAMILY TRUST  
DENISE HALE TRUSTEE  
PO Box: 420683  
SAN FRANCISCO, CA 94142-0683

LINDA L HAYES  
612 MCGINNIS LANE  
WILMINGTON, NC 28412

MARY ROSE HARRIS  
48856 OAK ARBOR COURT  
SHELBY TOWNSHIP, MI 48317

FRANCES V HARTIG REV TR  
AMERICAN BK & TR CO  
6100 SOUTH YALE AVE  
TULSA, OK 74136-5739

JAMES WILLIAM HODGE  
223 N 198TH AVE  
ELKHORN, NE 68022-4869

WILLIAM H HEISLER JR  
3841 ELLA LEE LN  
HOUSTON, TX 77027-4020

LAVON S HILL TRUST  
LAVON S HILL TRUSTEE  
7128 S POPLAR LANE  
CENTENNIAL, CO 80112-1635

JGS BALLARD PROPERTIES LLC  
300 BEALE STREET - APT #417  
SAN FRANCISCO, CA 94105-2094

SHIRLEY M HULL  
14938 CAMDEN AVE #47  
SAN JOSE, CA 95124

CONRAD E JARMAN  
680 E 100 SOUTH #109  
SALT LAKE CITY, UT 84102

KNIGHT FAM TRUST PRISCILLA  
J  
KNIGHT  
TTE ANCHOR BANK  
RT 325170628 01076113042  
PO Box: 387  
ABERDEEN, WA 98520  
RUTH C LEE  
332 W SOUTH AVE  
REDLANDS, CA 92373

CONNIE ADAMS JOHNSON  
518 NORTH MICHILANGLO DR  
GREEN VALLEY, AZ 85614

PAULA RACHEL KAUFMAN  
PO Box: 309  
GLORIETA, NM 87535

LARSON REED P TRUST-REED P  
LARSON &  
LENNOX LARSON CO-TRUSTEE  
899 ISLAND DR APT 313  
RANCHO MIRAGE, CA 92270-3137

NINA F (JANE) LATHE  
3623 BETHANY CHURCH RD  
FRANKLINVILLE, NC 27248

MATTISON FAMILY TRUST  
ROBERT J MATTISON  
1180 CORPORATE WAY APT 248  
SACRAMENTO, CA 95831-3880

HOUSTON LIGHTHOUSE INC  
C/O FARMERS NATIONAL CO  
AGENT 1350272-4213  
PO Box: 3480  
OMAHA, NE 68103-0480

GEORGIA FAYE LOPEZ  
74252 ANGEL'S CAMP RD.  
PALM DESERT, CA 92260

THE VIVIAN D MCKAY FAMILY  
TRUST  
VIVIAN D MCKAY TRUSTEE  
1957 YALE AVE  
SALT LAKE CITY, UT 84108

REV WILLIAM MAXWELL  
515 VAN BUREN  
PORT TOWNSEND, WA 98368

TERESA JANE G MCENTIRE  
6654 SW 88TH AVE  
PORTLAND, OR 97223

MORGAN GAS & OIL CO  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111-1963

LINDA R MCKENNA  
3289 CHESTER LANE  
BAKERSFIELD, CA 93309-1120

MARY A GIBBS MONSON  
3533 S BOUNTIFUL BLVD  
BOUNTIFUL, UT 84010

MORGAN LIMITED  
PARTNERSHIP  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111

MORGAN J H JR  
175 SOUTH MAIN STREET #1310  
SALT LAKE CITY, UT 84111

MORGAN JOHN SR ESTATE  
H M LEACH & JH MORGAN JR  
175 S MAIN ST STE 1310  
SALT LAKE CITY, UT 84111-1963

NSMC CORPORATION  
PO Box: 2057  
OKLAHOMA CITY, OK 73101

GENE NICODEMUS REV LIVG  
TRUST  
GENE H NICODEMUS TRUSTEE  
4788 MILETUS WAY  
OCEANSIDE, CA 92056-5136

ISAAC W NORMAN  
12500 FM 1660  
TAYLOR, TX 76574

SUSAN F TITUS OSBORN  
3133 PUENTE ST  
FULLERTON, CA 92835

RALPH S O'CONNOR  
10000 MEMORIAL DR  
HOUSTON, TX 77024

OLD WEST ROYALTY  
PARTNERSHIP  
C/O CHARLES BROWN  
PO Box: 587  
MARLOW, OK 73055

M B REAGAN  
470 WEST END AVE  
NEW YORK, NY 10024

P & L RESOURCES LTD  
6915 CHEVY CHASE  
DALLAS, TX 75225-2416

PENN RESOURCES INC  
3838 OAK LAWN SUITE 1216  
DALLAS, TX 75219

JAMES M RICHARDSON  
2433 N PLANTATION DR  
VIRGINIA BEACH, VA 23454

JAMES C REEDER  
C/O AVERY & GREIG LLP  
2811 WILSHIRE BLVD SUITE 700  
SANTA MONICA, CA 90403

REUNIONAIRE CORP  
4809 COLE AVE SUITE 170  
DALLAS, TX 75205

SHOTT TRUST ELOISE B  
ANDREW T SHOTT SUCC  
TTEE  
336 CONNELL AVE  
MISSOULA, MT 59801

DOUGLAS K SAUTER  
&/OR KATHRYN SAUTER  
6079 WEST CALHOUN DR  
LITTLETON, CO 80123

LORI L HILL SCHAFFER  
3115 149TH PL SE  
MILL CREEK, WA 98012

LISA K SMERNOFF  
PO Box: 441010  
AURORA, CO 80044

PATRICIA A SHUTE  
1475 TWENTY-FIFTH AVE  
SAN FRANCISCO, CA 94122-3317

SILVER DOLLAR RESOURCES  
P O BOX 51110  
CASPER, WY 82605-1110

ST MARKS CATHEDRAL  
231 E 100 S  
SALT LAKE CITY, UT 84111

SUSAN LYNN SMERNOFF  
8 BEACON HILL LANE  
ENGLEWOOD, CO 80111

RICHARD SMOOT FAMILY LLC  
847 E 400 S  
SALT LAKE CITY, UT 84102

IRENE F STEVENS  
7305 CALLE PRIVADA  
BAKERSFIELD, CA 93309

C E STAUFFER  
1038 BRONCHO RD  
PEBBLE BEACH, CA 93953

ERICK STAUFFER  
509 WILLOW ST  
PACIFIC GROVE, CA 93950

STONEGATE RESOURCES  
LLC  
P O BOX 680667  
PARK CITY, UT 84068-0677

STEWART FAMILY LLC IM  
C/O JUNE MILLER  
9614 STERN LN  
BROWNS VALLEY, CA 95918

ROMNEY M STEWART  
8858 SILVERSTONE WAY  
SANDY, UT 84093-1678

JANE ANDREA UHALT  
6500 MOUNT HOOD DR  
BAKERSFIELD, CA 93309

BARBARA STOTTERN  
463 W HERITAGE DRIVE  
ST GEORGE, UT 84770

DORIS L MITTAG  
1727 NOGALUS  
CROSBY, TX 77532-3497

KENNETH R PLUNK  
TRUSTEE  
FBO URI OIL & GAS  
HOLDINGS LLC  
CITIZENS BANK  
PO Box: 1700  
KILGORE, TX 75663

UNCLAIMED PROPERTY  
341 S MAIN 5TH FLOOR  
SALT LAKE CITY, UT 84111

TAMARA P UNDERWOOD  
736 EL RODEO ROAD  
SANTA BARBARA, CA 93110

MARJORIE MORGAN  
WAGSTAFF LIVING TRU  
MARJORIE M GRAY-  
WAGSTAFF TRUSTEE  
2002 KENSINGTON AVE  
SALT LAKE CITY, UT 84108

GABRIELLE L VANHERWEG  
1020 OCONNOR WAY  
SAN LUIS OBISPO, CA 93405

MARGARET VILAND  
1276 EAST TOMAHAWK DR  
SALT LAKE CITY, UT 84103

EARL C & LEA WATSON  
WATSON TRUSTEES 12783  
449 CASITA COURT  
LOS ALTOS, CA 94022

JUDITH C WALSH  
8224 ASHE RD  
BAKERSFIELD, CA 93313

DOUGLAS J & TINA WATSON J/T  
204A KENDRICK AVE  
WELLFLEET, MA 02667

MATTHEW CULLEN WILKIN  
& JOSEPHINE WILKIN CO-  
TRUSTEES  
720 CASTANO AVE  
SAN ANTONIO, TX 78209

RALPH AND INA WATSON FAMILY  
TRUST  
INA R WATSON TRUSTEE OF THE  
1033 LAKE STREET  
SALT LAKE CITY, UT 84105-1217

LOUISE M WEST  
2320 ELDRIDGE ST.  
GOLDEN, CO 80401

STEPHEN & MARILYN SMOOT  
FAMILY  
TRUST  
STEPHEN SMOOT TRUSTEE  
875 DONNER WAY UNIT 705  
SALT LAKE CITY, UT 84108

VIRGINIA WRAY  
(no valid address available)

ZION PETROLEUM COMPANY  
C/O LYNN & KAREN MILER  
2202 N GLENWOOD DR  
STILLWATER, OK 74075

PETROLERA CARLOS LLC  
2273 SO FILLMORE  
DENVER, CO 80210

CHEIRE NORWOOD, USUFRUCT  
633 CR 4524  
WHITEWRIGHT, TX 75491

PINECREST PARTNERS L P  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

THE GEORGE R BROWN  
PARTNERSHIP  
DEPT 628  
PO Box: 4346  
HOUSTON, TX 77210-4346

PARKER FANNIN PROPERTIES LTD  
2273 FILLMORE  
DENVER, CO 80210

KENNETH C KILLIAN TRUST  
KENNETH C KILLIAN TRUSTEE  
1433 EAST VINE MEADOWS  
CIRCLE  
SALT LAKE CITY, UT 84121

EVANSVILLE HISTORICAL  
FOUNDATION  
C/O FIRST MID-ILLINOIS  
BANK-TRUST  
PO Box: 449  
MATTOON, IL 61938

MAP2004-OK, AN OKL. GEN.  
PARTNERSHI  
C/O MINERAL ACQUISITION  
PARTNERS,  
PO Box: 269031  
OKLAHOMA CITY, OK 73126-9031

MILLIKIN UNIVERSITY  
C/O FARMERS NATIONAL CO  
AGENT  
OIL AND GAS DEPT  
PO Box: 3480  
OMAHA, NE 68103-0480

DIANE R SANCHEZ  
524 11TH ST  
IDAHO FALLS, ID 83404

ERIC N SMERNOFF  
3211 ROSE HILL ROAD  
CARROLLTON, TX 75007

DAVID T SMERNOFF  
112 FOXWOOD ROAD  
PORTOLA VALLEY, CA 94028

THE BRYANT BULLEN  
FAMILY PARTNERSHI  
3867 RUTH DRIVE  
SALT LAKE CITY, UT 84124

D & D HILL LIMITED PTNSHP  
RLLLP  
10931 W INDORE DR  
LITTLETON, CO 80127

THOMAS L SIMPSON  
4837 INDIANOLA WAY  
LA CANADA, CA 91011

BRIAN W DOD  
15343 LOOKOUT ROAD  
APPLE VALLEY, CA 92307

ROYALTY REPOSITORY II LLC  
PO Box: 670644  
DALLAS, TX 75267-0644

BARRY DOD AND  
JULIE DOD  
48 TOUCHSTONE  
LAKE OSWEGO, OR 97035

PAMELA ELLIS  
21216 TIGER LILY PLACE  
ASHBURN, VA 20147

ANN EDWARDS  
8201 SO SANTA FE DRIVE APT 3  
LITTLETON, CO 80120

JERRY MILBOURN  
1405 PADDOCKS COURT  
CROWNSVILLE, MD 21032

BONANZA ROYALTIES LLC  
JILLIAN M HELMER CPA  
384 TESCONI COURT  
SANTA ROSA, CA 95401

JOAN R DUNCAN  
P O BOX 24267  
DENVER, CO 80224

KWB INC  
20 E 5TH STREET SUITE 1100  
TULSA, OK 74103-4416

KENT PETERSON  
(no valid address available)

JAY AND JACQUE BELL TRUST  
4632 IDLEWILD ROAD  
SALT LAKE CITY, UT 84124

JOAN MILLER AKA JOAN C  
WILKIN  
3649 VINE AVENUE  
NORCO, CA 92860-1866

DAVID J LESSER AS  
TRUSTEE OF THE  
DAVID& ELISABETH LESSER  
FAMILY TRST  
ORIGINALLY EST ON JULY 7  
2004 208 ANDERSON ST  
MANHATTAN BEACH,

RICHARD SHANE MCKNIGHT  
PO Box: 17169  
SALT LAKE CITY, UT 84177-0169

KAREN MCKNIGHT SIRSTINS  
11638 E ONYX AVE  
SCOTTSDALE, AZ 85259

KATHERINE HARVEY MITRI  
6 YELLOW BRICK RD  
RANCHO PALOS VERDES,  
CA 90275

BELINDA LESSER  
1071 NEILSON ST  
ALBANY, CA 94706

LEONARD ALTADONNA TRUSTEE  
OF THE  
BBL/JAL EXMPT TRST UNDER  
DECLARATION  
LIVING TRST DTD 01/02/75  
21700 OXNARD ST STE 1250  
WOODLAND HILLS, CA 91367-7587

JGDAM I LTD  
PO Box: 660  
ALPINE, TX 79831-0660

MARY HARVEY  
2704 CEBADA CANYON RD  
LOMPOC, CA 93436

MARY ANN UZZI  
744 PRESCOTT PL  
PARAMUS, NJ 07652

JON ROBERT HODGE  
IRREVOCABLE TRUST  
ROBYN HODGE ANDERSON  
TTEE  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

DIANA S NIELSEN TRUST  
DIANA S NIELSEN TRUSTEE  
695 THREE FOUNTAINS DR #160  
MURRAY, UT 84107

LINDA S POULTER FAMILY TRUST  
LINDA S POULTER TRUSTEE  
1363 EMBASSY CIRCLE  
SALT LAKE CITY, UT 84108

MARK S DOLAR REVOCABLE  
TRUST DATED JULY 21 2008  
1333 COLLEGE PKWY #172  
GULF BREEZE, FL 32563

CHRISTUS FOUNDATION FOR  
HEALTHCARE  
C/O FARMERS NATIONAL CO  
AGENT  
PO Box: 3480  
OMAHA, NE 68103-0480

WILLIAM C MCCARTY REVOC  
LVNG TR  
WILLIAM C MCCARTY TTEE  
1895 CHIP DRIVE  
LAKE HAVASU CITY, AZ 86406

JOHN K LARSON 1999 DEC  
OF TRUST  
JOHN K LARSON TTEE  
9715 WOODS DR #610  
SKOKIE, IL 60077

JANET K DOLAR REVOCABLE  
TRUST  
DATED JULY 21 2008  
1333 COLLEGE PKY #172  
GULF BREEZE, FL 32563

LARSON FAMILY TRUST  
CRAIG S LARSON & MARGARET A  
LARSON  
TSTES  
3260 DEL MAR DRIVE  
SALT LAKE CITY, UT 84109

ELIZABETH HILL  
5911 CRESTBROOK DRIVE  
MORRISON, CO 80465-2219

KRISTEN LARSON BECKSTEAD  
636 EAST 145 SOUTH  
PRESTON, ID 83263

ROBERT O HILL  
1201 MAIN AVE NO 402  
DURANGO, CO 81301

EGG LLC  
2045 EAST MAIN CANYON RD  
WALLSBURG, UT 84082

THE HAGER-MOORE  
DESCENDANTS TRUST  
TRUSTEES KATHY CROSMAN AND  
JACQUELINE NEWELL  
PO Box: 17866  
SALT LAKE CITY, UT 84117-0866

HATCH OIL AND GAS LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

FREDERICK U LEONARD III  
1943 JAMES PLACE  
SAN JOSE, CA 95125

J SANDRA STANTON TRUST  
J SANDRA STANTON TTEE  
1544 OCEAN AVE  
MANTOLOKING, NJ 08738

DRW HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

MINTON OIL & GAS LLC  
C/O SUE MINTON-EDISON  
85328 S WILLIAMETTE ST  
EUGENE, OR 97405

JO JUDD  
105 SOUTH 100 EAST  
WILLARD, UT 84340

BETTY MORGAN TRUST  
RICHARD S MORGAN TRUSTEE  
32 SILVERHORN DRIVE  
SAN ANTONIO, TX 78216

THE PATRICIA ANN CUMMINGS  
REV TR  
TTEE JOHN AND CLEMENT  
CUMMINGS  
7814 DOUGLAS DRIVE  
PARK CITY, UT 84098

ANDERSON RESOURCES  
COMPANY LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

STEPHEN C LEONARD  
1555 COLONIAL TERRACE #501  
ROSSALYN, VA 22209

GERALDINE S GRAY  
57 NAUTILUS DR  
LEONARDO, NJ 07737

WENDY W SCHILLER  
1847 ARROYO CHAMISO  
SANTE FE, NM 87505

VICTOR R JUDD  
PO Box: 984  
COALVILLE, UT 84017

THE CHRIS A BOYER FAMILY  
TRUST  
PO Box: 743  
COALVILLE, UT 84017

OIL & GAS TRUST UNDER A M  
CULVER  
DTD 11/18/70  
PO Box: 81045  
SAN DIEGO, CA 92138

ONG LLC  
61496 CULTUS LAKE CT  
BEND, OR 97702

SHORT 2008 TRUST  
WILLIAM H & PATRICIA D  
SHORT TTEE  
3767 PRAIRIE DUNES DR  
SARASOTA, FL 34238

JAMES D SHORT & LORNA  
J SHORT LVG T  
JAMES D SHORT TTEE  
312 MORNINGSIDE DR  
PALM HARBOR, FL 34683

SHEILA W CARTER  
4901 SOUTH LAFAYETTE  
LANE  
ENGLEWOOD, CO 80110

ANITA BUSHELL  
HC13 BOX 3012  
CHESTER, UT 84623

G-FORCE ENTERPRIZES  
204 W SPEAR ST STE 3044  
CARSON CITY, NV 89703

WILLIAM H ADAMS III  
REV DEC TRUST  
WILLIAM H ADAMS III TSTEE  
1996 VIA VENTANA A  
LA MONTANA  
GREEN VALLEY, AZ 85622

RIDGEROCKTX LLC  
PO Box: 30304  
EDMOND, OK 73003

POTTS FAMILY TRUST  
DENNIS AND MARY POTTS TSTES  
2502 DOWNINGTON AVE  
SALT LAKE CITY, UT 84108

ALTEX OIL CORP  
PO Box: 1057  
BRECKENRIDGE, CO 80424-1057

BHD HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

DAVID R LEONARD 2010 LIVING  
TRUST  
DAVID RICHARDS LEONARD TSTE  
1454 ALMADEN VALLEY DRIVE  
SAN JOSE, CA 95120

VICKLUND FAMILY TRUST DTD  
4/7/94  
JANICE K ALTEMUS SUCC TSTE  
ALTEMUS COMPANY  
1537 PONTIUS AVE 2ND FLOOR  
LOS ANGELES, CA 90025

TEMIN 1987 PARTNERSHIP AN  
OKLAHOMA GENERAL  
PARTNERSHIP  
PO Box: 731680  
DALLAS, TX 75397-1680

DEVON ENERGY PRODUCTION CO  
LP  
PO Box: 843559  
DALLAS, TX 75284-3559

COLUMBINE II LTD PARTNERSHIP  
PO Box: 22854  
DENVER, CO 80222

VAN C SMITH  
(no valid address available)

STATE OF UTAH  
SCHOOL & INSTITUTIONAL, TR  
LAND ADM  
675 EAST 500 SOUTH STE 500  
SALT LAKE CITY, UT 84102

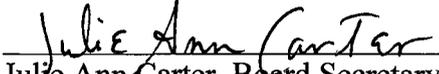
E W MITCHELL  
(no valid address available)

RICHARD HORN  
15846 W BAY AUD DRIVE  
GOLDEN, CO 80401

SANDEFER CAPITAL PARTNERSHIP  
816 CONGRESS AVE STE 1240  
AUSTIN, TX 78701

ZIFF INVESTORS PARTNERSHIP I  
ATTN GERARD F DALVAN  
350 PARK AVE 11TH FLOOR  
NEW YORK, NY 10022

EM NOMINEE PARTNERSHIP CO.  
4582 ULSTER ST.  
DENVER, CO 80237-2632

  
Julie Ann Carter, Board Secretary

**FILED**

**MAR 08 2012**

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

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

**NOTICE OF INTENT TO  
ISSUE CONSOLIDATED  
CLARIFICATION ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**Docket No. 2009-012**

**Cause No. 173-24**

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**Docket No. 2011-015**

**Cause No. 173-25**

---

**TO ALL INTERESTED PARTIES:**

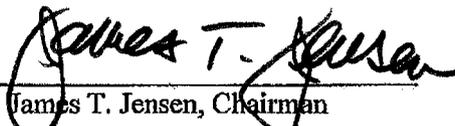
The Utah Board of Oil, Gas and Mining (the "Board") hereby gives notice of its intent to issue the proposed Consolidated Clarification Order attached hereto as Exhibit "A" and by this reference incorporated herein in the captioned causes after thirty (30) days from the date of this Notice. The Order is being issued in accordance with the request made in that certain Decision Letter dated February 28, 2012 issued by the Utah State Office of the Bureau of Land Management, a copy of which is attached hereto as Exhibit "B" and by this reference incorporated herein, and is for the limited purpose of incorporating conforming clarifications concerning the unitized formations under the Natural Buttes Unit Agreement approved effective January 5, 1968. Kerr-McGee Oil & Gas Onshore LP, Operator of the Natural Buttes Unit and the other lands covered by the Order in Cause No. 173-24, has represented to the Board that the proposed Order will have no impact upon revenue distribution to the production interest owners in said lands.

Should any party desire to be heard by the Board concerning the proposed Order, he/she/it must file in writing with the Board's secretary (1594 West North Temple, Suite 1210, Salt Lake City, Utah 84116) notice of such desire, outlining with specificity the reason or reasons why such hearing should be held, and otherwise in accordance with the Board's procedural rules (Utah Admin. Code Rules R641-100 *et seq.*), within twenty (20) days of the date of this Notice.

Dated this 8<sup>th</sup> day of March, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_

  
James T. Jensen, Chairman

**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the "Board"), having fully considered Kerr-McGee Oil & Gas Onshore LP's *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board's Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the "**Unitized Interval.**" The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the "173-24 Order"), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations."

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

**STATE OF UTAH**  
**BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

2031.0110  
224174



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>

Docket No. 2011-015 Cause No. 173-25  
Docket No. 2009-012 Cause No. 173-24  
Docket No. 1999-008 Cause No. 173-14

IN REPLY REFER TO:  
3160 – UTU63047X  
(UT-922100)

**FEB 28 2012**

**RECEIVED**

**FEB 29 2012**

CERTIFIED MAIL—7011 1150 0000 6739 5572  
Return Receipt Requested

DIV. OF OIL, GAS & MINING

Mr. Thomas Marranzino  
Kerr-McGee Oil & Gas Onshore, LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202-1918

**FILED**

**FEB 29 2012**

SECRETARY, BOARD OF  
OIL, GAS & MINING

### DECISION

Re: Natural Buttes Unit, Uintah County, Utah

Dear Mr. Marranzino:

This decision is issued in response to Kerr-McGee Oil & Gas Onshore, LP (Kerr-McGee)'s letter dated February 14, 2012, requesting that the Bureau of Land Management (BLM) confirm that all formations within the Mesaverde Group, including the Blackhawk Formation, are unitized under the terms of the Natural Buttes Unit Agreement, approved effective January 5, 1968.

Section 3 of the unit agreement states:

All land committed to this Agreement shall constitute land referred to herein as "unitized land" or "land subject to this Agreement". All oil and gas in any and all formations between the base of the Green River Formation and the top of the Mancos Formation of the unitized land are unitized under the terms of this Agreement and herein are called "unitized substances". All oil and gas in any and all formations above the base of the Green River Formation are not unitized and are not subject to any of the terms of this Agreement; and all oil and gas in any and all formations below the top of the Mancos Formation are not unitized and are not subject to any of the terms of this Agreement. For the purposes of this Agreement, the base of the Green River Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah. For the purpose of this Agreement, the top of the Mancos Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the

**EXHIBIT B**

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF INTENT TO ISSUE CONSOLIDATED CLARIFICATION ORDER to be mailed with postage prepaid, this 9<sup>th</sup> day of March, 2012, to the following:

Frederick M. MacDonald  
Beatty & Wozniak, P.C.  
7440 South Creek Road, Suite 300  
Sandy, UT 84093  
E-Mail: FMacDonald@bwenergylaw.com

United States of America  
Bureau of Land Management  
Utah State Office  
Attn: Roger L. Bankert  
Chief-Branch of Fluid Minerals  
P.O. Box 45155  
Salt Lake City, UT 84145-0155

Kerr-McGee Oil and Gas Onshore, LP  
Attention: Thomas Marranzino,  
Landman  
1099 18th Street, Suite 1800  
Denver, CO 80202  
E-Mail:  
Tom.Marranzino@anadarko.com

Michael S. Johnson  
Assistant Attorneys General  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 300  
Salt Lake City, UT 84116  
(Via E-Mail)

Steven F. Alder  
Assistant Attorneys General  
Utah Division of Oil, Gas &  
Mining  
1594 West North Temple, Suite  
300  
Salt Lake City, UT 84116  
(Via E-Mail)

ROEC INC  
PO Box: 33440  
SANTA FE, NM 87594

CHEVRON SERVICES  
COMPANY  
A DIVISION OF CHEVRON  
USA INC  
P O BOX 730436  
DALLAS, TX 75373-0436

KAISER FRANCIS OIL COMPANY  
P O BOX 840234  
DALLAS, TX 75284

WELLSTAR CORPORATION  
11990 GRANT STREET SUITE 550  
DENVER, CO 80233

RICHARD ALTMAN & CO  
717 17TH ST STE 1400  
DENVER, CO 80202-3303

RICHMOND OIL COMPANY  
P. O. BOX 22439  
HOUSTON, TX 77227-2439

MOREENERGY EXPLORATION CORP  
410 17TH STREET STE 1150  
DENVER, CO 80202

JAMES S LEBSACK  
P O BOX 22215  
DENVER, CO 80222-0215

RUSSELL T RUDY ENERGY LLC  
5701 WOODWAY DRIVE # 222  
HOUSTON, TX 77057-9735

CLUB OIL & GAS LTD  
PO Box: 467  
OKLAHOMA CITY, OK 73101-0467

BURK ROYALTY CO  
PO Box: 94903  
WICHITA FALLS, TX 76308-  
0903

R W WILLINGHAM DBA  
INTEGRITY OIL & GAS CO  
704 COTTONWOOD CIR  
AZTEC, NM 87410-2077

MTH ESTATE LTD  
PO BOX 1759 DEPT 658  
HOUSTON, TX 77251-1759

A-8 INVESTMENT  
COMPANY  
P O BOX 17397  
SALT LAKE CITY, UT 84117

ARJAY OIL COMPANY  
PO Box: 904  
SALT LAKE CITY, UT 84110-0904

THE HATCH GROUP, LLC  
P O BOX 171139  
SALT LAKE CITY, UT 84117-1139

TECKLA OIL CO LLC  
1712 SE 35TH LANE  
OCALA, FL 34471-6781

A A MINERALS LLC  
P O BOX 3357  
ENGLEWOOD, CO 80155-3357

MIRIAM ZELA GRYNBERG TRUST  
C/O ANTON COLLINS MITCHELL LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

RACHEL SUSAN GRYNBERG  
TRUST  
C/O ANTON COLLINS  
MITCHELL LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

STEPHEN MARK GRYNBERG TRUST  
C/O ANTON COLLINS MITCHELL LLP  
303 E 17TH AVE STE 600  
DENVER, CO 80203

WALTER MORRISON ESTATE  
C/O BEVERLY A ORR  
PO Box: 19367  
WASHINGTON, DC 20036

PANHANDLE OIL AND GAS  
INC  
DEPT 96-0299  
OKLAHOMA CITY, OK  
73196-0299

WALTON OIL COMPANY LLC  
575 E 4500 S STE B-260  
SALT LAKE CITY, UT 84107-4574

FAYTEK LIMITED  
C/O THOMAS E KELLY  
4705 MIRAMONT CIR  
BRYAN, TX 77802

ROBERT C ADAMS  
10698 COUNTRY CLUB DR  
AMERICAN FORK, UT 84003

ALF R THOMPSON TRUST  
1ST MID-ILLINOIS BANK & TRUST  
AND  
MARK HUNT JR TRUSTEES  
PO Box: 529  
MATTOON, IL 61938

ROBYN S HODGE ANDERSON  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

JOHN S ANTONGIOVANNI  
6610 MT WHITNEY DR  
BAKERSFIELD, CA 93309

JOHN ANTONGIOVANNI  
191 OLEANDER AVENUE  
BAKERSFIELD, CA 93304

BAKERSFIELD FUEL & OIL  
PO Box: 82515  
BAKERSFIELD, CA 93380

HUGH L BALSER TRUST  
BANK OF OKLAHOMA NA  
AGENT  
PO Box: 1588  
TULSA, OK 74101

PAMELA GIBBS BANTA  
6115 PRAIRIE VIEW DR  
SALT LAKE CITY, UT 84118-3233

MAURICE R BARNES JR  
3500 MONTE VERDE DRIVE  
SALT LAKE CITY, UT 84109

NANCY A BATT  
PO Box: 79784  
HOUSTON, TX 77279

JACK E BLANKENSHIP  
160 SAGEMONT CIRCLE  
PARACHUTE, CO 81635

FRANKLIN J BRADSHAW FAMILY  
TRUST  
WELLS FARGO BANK SAO  
PO Box: 40909  
AUSTIN, TX 78704

VAL BROWNING  
(no valid address available)

PATRICIA J BROWN  
45 BAIRD TRACE  
SPRINGFIELD, MA 01118

BUDJ TRUST  
JOHN L RITTS SUCCESSOR TRUSTEE  
P O BOX 5503  
AUSTIN, TX 78763

BUTTRAM ENERGIES INC  
2601 NW EXPRESSWAY  
SUITE 501W  
OKLAHOMA CITY, OK  
73112

C & J HILL LIMITED PTNSHP RLLLP  
22757 MEADOW VIEW ROAD  
MORRISON, CO 80465

C S V OIL EXPLORATION  
2005 SOUTH 300 WEST  
SALT LAKE CITY, UT 84115

KIMBERLY HILL  
CAMPBELL  
1905 SUNRAY COURT  
WEST LINN, OR 97068

CHARLES L CAVNESS  
2273 SOUTH FILLMORE STREET  
DENVER, CO 80210-4821

COVEY MINERALS INC  
GARY R NELSON  
HIGHLAND COMMERCIAL INC  
2733 E PARLEYS WAY STE 304  
SALT LAKE CITY, UT 84109

ROBERT L CRANMER TVW  
THOMAS L CRANMER SVC  
TTE  
221 DONMORE DRIVE  
GREAT FALLS, VA 22066

THOMAS L CRANMER  
221 DONMORE DR  
GREAT FALLS, VA 22066

WILLIAM H H CRANMER  
511 ORANGE ST  
HUDSON, WI 54016

COLLEEN L DALESKE  
4491 PINERIDGE COURT  
MOORPARK, CA 93021

ED SHEETS  
(no valid address available)

SUZANNE M DENTON COHEN  
C/O PRINCERIDGE M CHASMAN  
1633 BROADWAY  
NEW YORK, NY 10019

MARGARET E DIXON  
REVOCABLE LIVING T  
MARGARET E DIXON  
TRUSTEE  
1934 YALECREST AVENUE  
SALT LAKE CITY, UT 84108

MARILYN W EARLY FAMILY TR  
6245 OAK KNOLL DR  
SALT LAKE CITY, UT 84121-2182

PATRICIA REEDER EUBANK  
3350 CALLE BONITA  
SANTA YNEZ, CA 93460

GEORGE P WEILER TRUST  
GEORGE P WEILER  
TRUSTEE  
730 E THREE FOUNTAINS  
#84  
SALT LAKE CITY, UT 84107

PETER GIBBS  
3125 KENNEDY DR. #905  
SALT LAKE CITY, UT 84108

WILLIAM G GIBBS  
657 18TH AVENUE  
SALT LAKE CITY, UT 84103

HALE D FAMILY TRUST  
DENISE HALE TRUSTEE  
PO Box: 420683  
SAN FRANCISCO, CA 94142-  
0683

THOMAS E HALL TEST TRUST  
GLADE, BRUCE & EDWIN HALL  
TRSTEEES  
965 PINNOCCHIO DRIVE  
SALT LAKE CITY, UT 84116

MARY ROSE HARRIS  
48856 OAK ARBOR COURT  
SHELBY TOWNSHIP, MI 48317

FRANCES V HARTIG REV TR  
AMERICAN BK & TR CO  
6100 SOUTH YALE AVE  
TULSA, OK 74136-5739

LINDA L HAYES  
612 MCGINNIS LANE  
WILMINGTON, NC 28412

WILLIAM H HEISLER JR  
3841 ELLA LEE LN  
HOUSTON, TX 77027-4020

LAVON S HILL TRUST  
LAVON S HILL TRUSTEE  
7128 S POPLAR LANE  
CENTENNIAL, CO 80112-1635

JAMES WILLIAM HODGE  
223 N 198TH AVE  
ELKHORN, NE 68022-4869

SHIRLEY M HULL  
14938 CAMDEN AVE #47  
SAN JOSE, CA 95124

CONRAD E JARMAN  
680 E 100 SOUTH #109  
SALT LAKE CITY, UT 84102

JGS BALLARD PROPERTIES LLC  
300 BEALE STREET - APT #417  
SAN FRANCISCO, CA 94105-2094

CONNIE ADAMS JOHNSON  
518 NORTH MICHILANGLO DR  
GREEN VALLEY, AZ 85614

PAULA RACHEL KAUFMAN  
PO Box: 309  
GLORIETA, NM 87535

KNIGHT FAM TRUST PRISCILLA J  
KNIGHT  
TTE ANCHOR BANK  
RT 325170628 01076113042  
PO Box: 387  
ABERDEEN, WA 98520

LARSON REED P TRUST-REED P  
LARSON &  
LENNOX LARSON CO-TRUSTEE  
899 ISLAND DR APT 313  
RANCHO MIRAGE, CA 92270-3137

NINA F (JANE) LATHE  
3623 BETHANY CHURCH RD  
FRANKLINVILLE, NC 27248

RUTH C LEE  
332 W SOUTH AVE  
REDLANDS, CA 92373

HOUSTON LIGHTHOUSE INC  
C/O FARMERS NATIONAL CO  
AGENT 1350272-4213  
PO Box: 3480  
OMAHA, NE 68103-0480

GEORGIA FAYE LOPEZ  
74252 ANGEL'S CAMP RD.  
PALM DESERT, CA 92260

MATTISON FAMILY TRUST  
ROBERT J MATTISON  
1180 CORPORATE WAY APT 248  
SACRAMENTO, CA 95831-3880

REV WILLIAM MAXWELL  
515 VAN BUREN  
PORT TOWNSEND, WA 98368

TERESA JANE G MCENTIRE  
6654 SW 88TH AVE  
PORTLAND, OR 97223

THE VIVIAN D MCKAY FAMILY  
TRUST  
VIVIAN D MCKAY TRUSTEE  
1957 YALE AVE  
SALT LAKE CITY, UT 84108

LINDA R MCKENNA  
3289 CHESTER LANE  
BAKERSFIELD, CA 93309-1120

MARY A GIBBS MONSON  
3533 S BOUNTIFUL BLVD  
BOUNTIFUL, UT 84010

MORGAN GAS & OIL CO  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111-1963

MORGAN J H JR  
175 SOUTH MAIN STREET #1310  
SALT LAKE CITY, UT 84111

MORGAN JOHN SR ESTATE  
H M LEACH & JH MORGAN  
JR  
175 S MAIN ST STE 1310  
SALT LAKE CITY, UT 84111-  
1963

MORGAN LIMITED  
PARTNERSHIP  
175 S MAIN STREET STE 1310  
SALT LAKE CITY, UT 84111

GENE NICODEMUS REV LIVG TRUST  
GENE H NICODEMUS TRUSTEE  
4788 MILETUS WAY  
OCEANSIDE, CA 92056-5136

ISAAC W NORMAN  
12500 FM 1660  
TAYLOR, TX 76574

NSMC CORPORATION  
PO Box: 2057  
OKLAHOMA CITY, OK 73101

RALPH S O'CONNOR  
10000 MEMORIAL DR  
HOUSTON, TX 77024

OLD WEST ROYALTY  
PARTNERSHIP  
C/O CHARLES BROWN  
PO Box: 587  
MARLOW, OK 73055

SUSAN F TITUS OSBORN  
3133 PUENTE ST  
FULLERTON, CA 92835

P & L RESOURCES LTD  
6915 CHEVY CHASE  
DALLAS, TX 75225-2416

PENN RESOURCES INC  
3838 OAK LAWN SUITE 1216  
DALLAS, TX 75219

M B REAGAN  
470 WEST END AVE  
NEW YORK, NY 10024

JAMES C REEDER  
C/O AVERY & GREIG LLP  
2811 WILSHIRE BLVD SUITE 700  
SANTA MONICA, CA 90403

REUNIONAIRE CORP  
4809 COLE AVE SUITE 170  
DALLAS, TX 75205

JAMES M RICHARDSON  
2433 N PLANTATION DR  
VIRGINIA BEACH, VA 23454

DOUGLAS K SAUTER  
&/OR KATHRYN SAUTER  
6079 WEST CALHOUN DR  
LITTLETON, CO 80123

LORI L HILL SCHAFFER  
3115 149TH PL SE  
MILL CREEK, WA 98012

SHOTT TRUST ELOISE B  
ANDREW T SHOTT SUCC  
TTEE  
336 CONNELL AVE  
MISSOULA, MT 59801

PATRICIA A SHUTE  
1475 TWENTY-FIFTH AVE  
SAN FRANCISCO, CA 94122-3317

SILVER DOLLAR  
RESOURCES  
P O BOX 51110  
CASPER, WY 82605-1110

LISA K SMERNOFF  
PO Box: 441010  
AURORA, CO 80044

SUSAN LYNN SMERNOFF  
8 BEACON HILL LANE  
ENGLEWOOD, CO 80111

RICHARD SMOOT FAMILY  
LLC  
847 E 400 S  
SALT LAKE CITY, UT 84102

ST MARKS CATHEDRAL  
231 E 100 S  
SALT LAKE CITY, UT 84111

C E STAUFFER  
1038 BRONCHO RD  
PEBBLE BEACH, CA 93953

ERICK STAUFFER  
509 WILLOW ST  
PACIFIC GROVE, CA 93950

IRENE F STEVENS  
7305 CALLE PRIVADA  
BAKERSFIELD, CA 93309

STEWART FAMILY LLC IM  
C/O JUNE MILLER  
9614 STERN LN  
BROWNS VALLEY, CA 95918

ROMNEY M STEWART  
8858 SILVERSTONE WAY  
SANDY, UT 84093-1678

STONEGATE RESOURCES  
LLC  
P O BOX 680667  
PARK CITY, UT 84068-0677

BARBARA STOTTERN  
463 W HERITAGE DRIVE  
ST GEORGE, UT 84770

DORIS L MITTAG  
1727 NOGALUS  
CROSBY, TX 77532-3497

JANE ANDREA UHALT  
6500 MOUNT HOOD DR  
BAKERSFIELD, CA 93309

UNCLAIMED PROPERTY  
341 S MAIN 5TH FLOOR  
SALT LAKE CITY, UT 84111

TAMARA P UNDERWOOD  
736 EL RODEO ROAD  
SANTA BARBARA, CA  
93110

KENNETH R PLUNK  
TRUSTEE  
FBO URI OIL & GAS  
HOLDINGS LLC  
CITIZENS BANK  
PO Box: 1700  
KILGORE, TX 75663

GABRIELLE L VANHERWEG  
1020 OCONNOR WAY  
SAN LUIS OBISPO, CA 93405

MARGARET VILAND  
1276 EAST TOMAHAWK DR  
SALT LAKE CITY, UT 84103

MARJORIE MORGAN  
WAGSTAFF LIVING TRU  
MARJORIE M GRAY-  
WAGSTAFF TRUSTEE  
2002 KENSINGTON AVE  
SALT LAKE CITY, UT 84108

JUDITH C WALSH  
8224 ASHE RD  
BAKERSFIELD, CA 93313

DOUGLAS J & TINA  
WATSON J/T  
204A KENDRICK AVE  
WELLFLEET, MA 02667

EARL C & LEA WATSON  
WATSON TRUSTEES 12783  
449 CASITA COURT  
LOS ALTOS, CA 94022

RALPH AND INA WATSON FAMILY  
TRUST  
INA R WATSON TRUSTEE OF THE  
1033 LAKE STREET  
SALT LAKE CITY, UT 84105-1217

LOUISE M WEST  
2320 ELDRIDGE ST.  
GOLDEN, CO 80401

MATTHEW CULLEN WILKIN  
& JOSEPHINE WILKIN CO-  
TRUSTEES  
720 CASTANO AVE  
SAN ANTONIO, TX 78209

VIRGINIA WRAY  
(no valid address available)

ZION PETROLEUM  
COMPANY  
C/O LYNN & KAREN MILER  
2202 N GLENWOOD DR  
STILLWATER, OK 74075

STEPHEN & MARILYN SMOOT FAMILY  
TRUST  
STEPHEN SMOOT TRUSTEE  
875 DONNER WAY UNIT 705  
SALT LAKE CITY, UT 84108

CHEIRE NORWOOD, USUFRUCT  
633 CR 4524  
WHITEWRIGHT, TX 75491

PINECREST PARTNERS L P  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

PETROLERA CARLOS LLC  
2273 SO FILLMORE  
DENVER, CO 80210

PARKER FANNIN PROPERTIES LTD  
2273 FILLMORE  
DENVER, CO 80210

KENNETH C KILLIAN  
TRUST  
KENNETH C KILLIAN  
TRUSTEE  
1433 EAST VINE MEADOWS  
CIRCLE  
SALT LAKE CITY, UT 84121

THE GEORGE R BROWN PARTNERSHIP  
DEPT 628  
PO Box: 4346  
HOUSTON, TX 77210-4346

MAP2004-OK, AN OKL. GEN.  
PARTNERSHI  
C/O MINERAL ACQUISITION  
PARTNERS,  
PO Box: 269031  
OKLAHOMA CITY, OK 73126-9031

MILLIKIN UNIVERSITY  
C/O FARMERS NATIONAL  
CO AGENT  
OIL AND GAS DEPT  
PO Box: 3480  
OMAHA, NE 68103-0480

EVANSVILLE HISTORICAL FOUNDATION  
C/O FIRST MID-ILLINOIS  
BANK-TRUST  
PO Box: 449  
MATTOON, IL 61938

ERIC N SMERNOFF  
3211 ROSE HILL ROAD  
CARROLLTON, TX 75007

DAVID T SMERNOFF  
112 FOXWOOD ROAD  
PORTOLA VALLEY, CA  
94028

DIANE R SANCHEZ  
524 11TH ST  
IDAHO FALLS, ID 83404

D & D HILL LIMITED PTNSHP RLLLP  
10931 W INDORE DR  
LITTLETON, CO 80127

THOMAS L SIMPSON  
4837 INDIANOLA WAY  
LA CANADA, CA 91011

THE BRYANT BULLEN  
FAMILY PARTNERSHI  
3867 RUTH DRIVE  
SALT LAKE CITY, UT 84124

ROYALTY REPOSITORY II LLC  
PO Box: 670644  
DALLAS, TX 75267-0644

BARRY DOD AND  
JULIE DOD  
48 TOUCHSTONE  
LAKE OSWEGO, OR 97035

BRIAN W DOD  
15343 LOOKOUT ROAD  
APPLE VALLEY, CA 92307

ANN EDWARDS  
8201 SO SANTA FE DRIVE APT 3  
LITTLETON, CO 80120

JERRY MILBOURN  
1405 PADDOCKS COURT  
CROWNSVILLE, MD 21032

PAMELA ELLIS  
21216 TIGER LILY PLACE  
ASHBURN, VA 20147

JOAN R DUNCAN  
P O BOX 24267  
DENVER, CO 80224

KWB INC  
20 E 5TH STREET SUITE 1100  
TULSA, OK 74103-4416

BONANZA ROYALTIES LLC  
JILLIAN M HELMER CPA  
384 TESCONI COURT  
SANTA ROSA, CA 95401

JAY AND JACQUE BELL TRUST  
4632 IDLEWILD ROAD  
SALT LAKE CITY, UT 84124

JOAN MILLER AKA JOAN C  
WILKIN  
3649 VINE AVENUE  
NORCO, CA 92860-1866

KENT PETERSON  
(no valid address available)

RICHARD SHANE MCKNIGHT  
PO Box: 17169  
SALT LAKE CITY, UT 84177-0169

KAREN MCKNIGHT  
SIRSTINS  
11638 E ONYX AVE  
SCOTTSDALE, AZ 85259

DAVID J LESSER AS  
TRUSTEE OF THE  
DAVID & ELISABETH LESSER  
FAMILY TRST  
ORIGINALLY EST ON JULY 7  
2004 208 ANDERSON ST  
MANHATTAN BEACH,  
CA 90266

BELINDA LESSER  
1071 NEILSON ST  
ALBANY, CA 94706

LEONARD ALTADONNA  
TRUSTEE OF THE  
BBL/JAL EXMPT TRST  
UNDER DECLARATION  
LIVING TRST DTD 01/02/75  
21700 OXNARD ST STE 1250  
WOODLAND HILLS, CA  
91367-7587

KATHERINE HARVEY MITRI  
6 YELLOW BRICK RD  
RANCHO PALOS VERDES,  
CA 90275

MARY HARVEY  
2704 CEBADA CANYON RD  
LOMPOC, CA 93436

MARY ANN UZZI  
744 PRESCOTT PL  
PARAMUS, NJ 07652

JGDAM I LTD  
PO Box: 660  
ALPINE, TX 79831-0660

DIANA S NIELSEN TRUST  
DIANA S NIELSEN TRUSTEE  
695 THREE FOUNTAINS DR #160  
MURRAY, UT 84107

LINDA S POULTER FAMILY  
TRUST  
LINDA S POULTER  
TRUSTEE  
1363 EMBASSY CIRCLE  
SALT LAKE CITY, UT 84108

JON ROBERT HODGE  
IRREVOCABLE TRUST  
ROBYN HODGE ANDERSON  
TRUSTEE  
1172 CURLEW DRIVE  
AMMON, ID 83406-4760

CHRISTUS FOUNDATION FOR  
HEALTHCARE  
C/O FARMERS NATIONAL CO AGENT  
PO Box: 3480  
OMAHA, NE 68103-0480

WILLIAM C MCCARTY  
REVOCABLE TRUST  
WILLIAM C MCCARTY TRUSTEE  
1895 CHIP DRIVE  
LAKE HAVASU CITY, AZ  
86406

MARK S DOLAR REVOCABLE  
TRUST DATED JULY 21 2008  
1333 COLLEGE PKWY #172  
GULF BREEZE, FL 32563

JANET K DOLAR REVOCABLE TRUST  
DATED JULY 21 2008  
1333 COLLEGE PKY #172  
GULF BREEZE, FL 32563

LARSON FAMILY TRUST  
CRAIG S LARSON &  
MARGARET A LARSON  
TRUSTEES  
3260 DEL MAR DRIVE  
SALT LAKE CITY, UT 84109

JOHN K LARSON 1999 DEC  
OF TRUST  
JOHN K LARSON TRUSTEE  
9715 WOODS DR #610  
SKOKIE, IL 60077

KRISTEN LARSON BECKSTEAD  
636 EAST 145 SOUTH  
PRESTON, ID 83263

ROBERT O HILL  
1201 MAIN AVE NO 402  
DURANGO, CO 81301

ELIZABETH HILL  
5911 CRESTBROOK DRIVE  
MORRISON, CO 80465-2219

THE HAGER-MOORE DESCENDANTS  
TRUST  
TRUSTEES KATHY CROSMAN AND  
JACQUELINE NEWELL  
PO Box: 17866  
SALT LAKE CITY, UT 84117-0866

THE PATRICIA ANN  
CUMMINGS REV TR  
TTEE JOHN AND CLEMENT  
CUMMINGS  
7814 DOUGLAS DRIVE  
PARK CITY, UT 84098

EGG LLC  
2045 EAST MAIN CANYON RD  
WALLSBURG, UT 84082

HATCH OIL AND GAS LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

ANDERSON RESOURCES  
COMPANY LLC  
PO Box: 17397  
SALT LAKE CITY, UT 84117

ONG LLC  
61496 CULTUS LAKE CT  
BEND, OR 97702

FREDERICK U LEONARD III  
1943 JAMES PLACE  
SAN JOSE, CA 95125

STEPHEN C LEONARD  
1555 COLONIAL TERRACE  
#501  
ROSSALYN, VA 22209

SHORT 2008 TRUST  
WILLIAM H & PATRICIA D  
SHORT TTEE  
3767 PRAIRIE DUNES DR  
SARASOTA, FL 34238

J SANDRA STANTON TRUST  
J SANDRA STANTON TTEE  
1544 OCEAN AVE  
MANTOLOKING, NJ 08738

GERALDINE S GRAY  
57 NAUTILUS DR  
LEONARDO, NJ 07737

JAMES D SHORT & LORNA  
J SHORT LVG T  
JAMES D SHORT TTEE  
312 MORNINGSIDE DR  
PALM HARBOR, FL 34683

DRW HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

WENDY W SCHILLER  
1847 ARROYO CHAMISO  
SANTE FE, NM 87505

SHEILA W CARTER  
4901 SOUTH LAFAYETTE  
LANE  
ENGLEWOOD, CO 80110

MINTON OIL & GAS LLC  
C/O SUE MINTON-EDISON  
85328 S WILLIAMETTE ST  
EUGENE, OR 97405

VICTOR R JUDD  
PO Box: 984  
COALVILLE, UT 84017

ANITA BUSHELL  
HC13 BOX 3012  
CHESTER, UT 84623

JO JUDD  
105 SOUTH 100 EAST  
WILLARD, UT 84340

THE CHRIS A BOYER  
FAMILY TRUST  
PO Box: 743  
COALVILLE, UT 84017

G-FORCE ENTERPRIZES  
204 W SPEAR ST STE 3044  
CARSON CITY, NV 89703

BETTY MORGAN TRUST  
RICHARD S MORGAN TRUSTEE  
32 SILVERHORN DRIVE  
SAN ANTONIO, TX 78216

OIL & GAS TRUST UNDER A  
M CULVER  
DTD 11/18/70  
PO Box: 81045  
SAN DIEGO, CA 92138

WILLIAM H ADAMS III  
REV DEC TRUST  
WILLIAM H ADAMS III TSTEE  
1996 VIA VENTANA A  
LA MONTANA  
GREEN VALLEY, AZ 85622

POTTS FAMILY TRUST  
DENNIS AND MARY POTTS TSTES  
2502 DOWNINGTON AVE  
SALT LAKE CITY, UT 84108

ALTEX OIL CORP  
PO Box: 1057  
BRECKENRIDGE, CO 80424-  
1057

RIDGEROCKTX LLC  
PO Box: 30304  
EDMOND, OK 73003

DAVID R LEONARD 2010 LIVING  
TRUST  
DAVID RICHARDS LEONARD TSTE  
1454 ALMADEN VALLEY DRIVE  
SAN JOSE, CA 95120

VICKLUND FAMILY TRUST  
DTD 4/7/94  
JANICE K ALTEMUS SUCC  
TSTE  
ALTEMUS COMPANY  
1537 PONTIUS AVE 2ND  
FLOOR  
LOS ANGELES, CA 90025

BHD HOLDING COMPANY LLC  
700 LOUISIANA STE 1100  
HOUSTON, TX 77002

DEVON ENERGY PRODUCTION CO LP  
PO Box: 843559  
DALLAS, TX 75284-3559

COLUMBINE II LTD  
PARTNERSHIP  
PO Box: 22854  
DENVER, CO 80222

TEMIN 1987 PARTNERSHIP AN  
OKLAHOMA GENERAL  
PARTNERSHIP  
PO Box: 731680  
DALLAS, TX 75397-1680

STATE OF UTAH  
SCHOOL & INSTITUTIONAL, TR LAND  
ADM  
675 EAST 500 SOUTH STE 500  
SALT LAKE CITY, UT 84102

E W MITCHELL  
(no valid address available)

VAN C SMITH  
(no valid address available)

SANDEFER CAPITAL PARTNERSHIP  
816 CONGRESS AVE STE 1240  
AUSTIN, TX 78701

ZIFF INVESTORS  
PARTNERSHIP I  
ATTN GERARD F DALVAN  
350 PARK AVE 11TH FLOOR  
NEW YORK, NY 10022

RICHARD HORN  
15846 W BAY AUD DRIVE  
GOLDEN, CO 80401

EM NOMINEE PARTNERSHIP CO.  
4582 ULSTER ST.  
DENVER, CO 80237-2632

  
Julie Ann Carter, Board Secretary

2031.0110  
224117

MAR 05 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

***EX PARTE* MOTION FOR  
BOARD NOTICE AND MOTION  
FOR CONSOLIDATED  
CLARIFICATION ORDER****Docket No. 99-008****Cause No. 173-14**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

**Docket No. 2009-012****Cause No. 173-24**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**Docket No. 2011-015****Cause No. 173-25**

Pursuant to Utah Admin. Code Rule R641-105-300, Kerr-McGee Oil & Gas Onshore LP (“KMG”), by and through its counsel of record, Beatty & Wozniak, P.C., hereby respectfully requests *ex parte* the Board of Oil, Gas and Mining (the “Board”) to issue a notice regarding entry of a Consolidated Clarification Order modifying its Consolidated Order entered on December 2, 1999 in Cause No. 173-14 (the “173-14 Order”), and its Orders entered on October 5, 2009 in Cause No. 173-24 (the “173-24 Order”) and on January 4, 2012 in Cause No. 173-25 (the “173-25 Order”) to clarify that: (1) all formations between the base of the Green River Formation and the top of the Mancos Shale are unitized under the terms of the Natural Buttes Unit Agreement approved effective January 5, 1968; (2) the Blackhawk Formation is within the Mesaverde Group; and (3) that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale, all in accordance with that certain Decision Letter dated February 28, 2012 issued by the Utah State Office of the Bureau of Land Management attached hereto as “Exhibit “A” and by this reference incorporated herein (the “Decision Letter”). KMG requests the Board to provide notice to interested parties (a list of whom KMG will concurrently provide to the Board’s secretary) of the Board’s intent to enter such order after thirty (30) days from the date of such notice. The proposed Notice is attached hereto as Exhibit “B” and by this reference incorporated herein. KMG notes that the requested Order is merely to conform said previous Orders to the Decision Letter and is for clarification purposes only.

The Decision Letter is self-explanatory and outlines and provides the justification for this Motion. As expressly stated in the Decision Letter, [the Orders entered in] “Causes 173-25, 173-24 and 173-14 will need to be modified to conform to the Decision Letter.” This Motion is made by KMG, as Operator of the Natural Buttes Unit and of the remaining lands subject to said

Orders, to comply with such directive. KMG avers and represents to the Board that the requested Order will have no impact upon revenue distribution to the production interest owners in the lands covered by said previous Orders.

Consequently, KMG respectfully requests the Board to enter a Consolidated Clarification Order modifying the 179-14, 179-24 and 179-25 Orders in the following particulars:

1. Findings of Fact No. 7 of the 173-14 Order:

- The word “Formation” be inserted after the word “Wasatch” and the word “Group” be substituted for the word “formations” appearing after the word “Mesaverde”; and
- The word “Shale” be substituted for the word “formation” at the end of the sentence.

2. Findings of Fact No. 9 of the 173-14 Order:

- In the second sentence, the word “Shale” be substituted for the word “formation” appearing after the word “Mancos”;
- The following be added after the word “Shale” is inserted: “. The top of the Mancos Formation is”; and
- The following sentence be inserted after the second sentence:

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

3. Findings of Fact No. 5 of the 173-24 Order:

- The word “Shale” be substituted for the word “formation” appearing after the word “Mancos”, and the rest of the indented portion appearing thereafter deleted; and
- The following sentences be substituted for the parenthetical appearing at the end of the sentence:

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The

depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

4. Findings of Fact No. 4 of the 173-25 Order:

- The word "Shale" be substituted for the word "formation" appearing after the word "Mancos"; and
- The following sentences be substituted for the parenthetical:

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations"; and

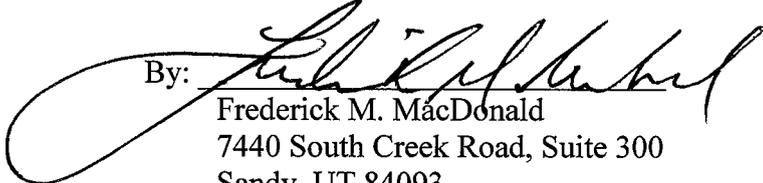
5. Findings of Fact No. 17 of the 173-25 Order:

- The word "NBU" be substituted for the words "Wasatch and Mesaverde" and the letter "F" be capitalized in the word "formation".

A proposed Consolidated Clarification Order to this effect is attached hereto as Exhibit "C" and by this reference incorporated herein.

Respectfully submitted this 5th day of March, 2012.

**BEATTY & WOZNIAK, P.C.**

By: 

Frederick M. MacDonald  
7440 South Creek Road, Suite 300  
Sandy, UT 84093  
Telephone: (801) 566-8446  
E-Mail: FMacDonald@bwenergy.com

Attorneys for Kerr-McGee Oil and Gas  
Onshore, LP

2031.0110  
224103





# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>

Docket No. 2011-015 Cause No. 173-25  
Docket No. 2009-012 Cause No. 173-24  
Docket No. 1999-008 Cause No. 173-14

IN REPLY REFER TO:  
3160 – UTU63047X  
(UT-922100)

**FEB 28 2012**

**RECEIVED**

**FEB 29 2012**

CERTIFIED MAIL—7011 1150 0000 6739 5572  
Return Receipt Requested

DIV. OF OIL, GAS & MINING

Mr. Thomas Marranzino  
Kerr-McGee Oil & Gas Onshore, LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202-1918

**FILED**

**FEB 29 2012**

SECRETARY, BOARD OF  
OIL, GAS & MINING

### DECISION

Re: Natural Buttes Unit, Uintah County, Utah

Dear Mr. Marranzino:

This decision is issued in response to Kerr-McGee Oil & Gas Onshore, LP (Kerr-McGee)'s letter dated February 14, 2012, requesting that the Bureau of Land Management (BLM) confirm that all formations within the Mesaverde Group, including the Blackhawk Formation, are unitized under the terms of the Natural Buttes Unit Agreement, approved effective January 5, 1968.

Section 3 of the unit agreement states:

All land committed to this Agreement shall constitute land referred to herein as "unitized land" or "land subject to this Agreement". All oil and gas in any and all formations between the base of the Green River Formation and the top of the Mancos Formation of the unitized land are unitized under the terms of this Agreement and herein are called "unitized substances". All oil and gas in any and all formations above the base of the Green River Formation are not unitized and are not subject to any of the terms of this Agreement; and all oil and gas in any and all formations below the top of the Mancos Formation are not unitized and are not subject to any of the terms of this Agreement. For the purposes of this Agreement, the base of the Green River Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah. For the purpose of this Agreement, the top of the Mancos Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the

**EXHIBIT A**

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining



**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

**NOTICE OF INTENT TO  
ISSUE CONSOLIDATED  
CLARIFICATION ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

**TO ALL INTERESTED PARTIES:**

The Utah Board of Oil, Gas and Mining (the "Board") hereby gives notice of its intent to issue the proposed Consolidated Clarification Order attached hereto as Exhibit "A" and by this reference incorporated herein in the captioned causes after thirty (30) days from the date of this Notice. The Order is being issued in accordance with the request made in that certain Decision Letter dated February 28, 2012 issued by the Utah State Office of the Bureau of Land Management, a copy of which is attached hereto as Exhibit "B" and by this reference incorporated herein, and is for the limited purpose of incorporating conforming clarifications concerning the unitized formations under the Natural Buttes Unit Agreement approved effective January 5, 1968. Kerr-McGee Oil & Gas Onshore LP, Operator of the Natural Buttes Unit and the other lands covered by the Order in Cause No. 173-24, has represented to the Board that the proposed Order will have no impact upon revenue distribution to the production interest owners in said lands.

Should any party desire to be heard by the Board concerning the proposed Order, he/she/it must file in writing with the Board's secretary (1594 West North Temple, Suite 1210, Salt Lake City, Utah 84116) notice of such desire, outlining with specificity the reason or reasons why such hearing should be held, and otherwise in accordance with the Board's procedural rules (Utah Admin. Code Rules R641-100 *et seq.*), within twenty (20) days of the date of this Notice.

Dated this \_\_\_\_ day of March, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the "Board"), having fully considered Kerr-McGee Oil & Gas Onshore LP's *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board's Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the "**Unitized Interval.**" The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the "173-24 Order"), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "NBU Formations."

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

2031.0110  
224174



# United States Department of the Interior



## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov/ut/st/en.html>

Docket No. 2011-015 Cause No. 173-25  
Docket No. 2009-012 Cause No. 173-24  
Docket No. 1999-008 Cause No. 173-14

IN REPLY REFER TO:  
3160 - UTU63047X  
(UT-922100)

FEB 28 2012

RECEIVED

FEB 29 2012

CERTIFIED MAIL—7011 1150 0000 6739 5572  
Return Receipt Requested

DIV. OF OIL, GAS & MINING

Mr. Thomas Marranzino  
Kerr-McGee Oil & Gas Onshore, LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202-1918

FILED

FEB 29 2012

SECRETARY, BOARD OF  
OIL, GAS & MINING

### DECISION

Re: Natural Buttes Unit, Uintah County, Utah

Dear Mr. Marranzino:

This decision is issued in response to Kerr-McGee Oil & Gas Onshore, LP (Kerr-McGee)'s letter dated February 14, 2012, requesting that the Bureau of Land Management (BLM) confirm that all formations within the Mesaverde Group, including the Blackhawk Formation, are unitized under the terms of the Natural Buttes Unit Agreement, approved effective January 5, 1968.

Section 3 of the unit agreement states:

All land committed to this Agreement shall constitute land referred to herein as "unitized land" or "land subject to this Agreement". All oil and gas in any and all formations between the base of the Green River Formation and the top of the Mancos Formation of the unitized land are unitized under the terms of this Agreement and herein are called "unitized substances". All oil and gas in any and all formations above the base of the Green River Formation are not unitized and are not subject to any of the terms of this Agreement; and all oil and gas in any and all formations below the top of the Mancos Formation are not unitized and are not subject to any of the terms of this Agreement. For the purposes of this Agreement, the base of the Green River Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah. For the purpose of this Agreement, the top of the Mancos Formation is defined as the stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the

**EXHIBIT B**

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining



**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 COASTAL OIL & GAS CORPORATION FOR AN ORDER SUSPENDING R649-2-3 AND ANY AND ALL EXISTING ORDERS AFFECTING SPACING AND WELL SITING AND LOCATION INSOFAR AS THEY APPLY TO THE NATURAL BUTTES UNIT AREA LOCATED IN TOWNSHIPS 9 & 10 SOUTH, RANGES 20, 21, & 22 EAST, S.L.M. UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER MODIFYING UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11(1) AND (2) TO PROVIDE FOR THE DRILLING OF WELLS TO ACHIEVE THE EQUIVALENT OF AN APPROXIMATE 10-ACRE WELL DENSITY PATTERN FOR THE PRODUCTION OF GAS AND ASSOCIATED OIL AND HYDROCARBONS FROM THE WASATCH FORMATION AND MESAVERDE GROUP UPON THE UNCOMMITTED TRACTS OF THE NATURAL BUTTES FEDERAL UNIT COMPRISED OF PORTIONS OF SECTIONS 23-25 AND 36 OF TOWNSHIP 9 SOUTH, RANGE 20 EAST, SLM, PORTIONS OF SECTION 32 AND ALL OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 21 EAST, SLM, PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 10 SOUTH, RANGE 21 EAST, SLM, AND ALLOTMENT NO. 16 IN SECTIONS 2 AND 11 AND PORTIONS OF SECTION 15, TOWNSHIP 10 SOUTH, RANGE 22 EAST, SLM, UINTAH COUNTY, UTAH

---

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF KERR-MCGEE OIL & GAS ONSHORE LP FOR AN ORDER SUSPENDING APPLICATION OF THE BOARD'S ORDERS IN CAUSE NOS. 173-24 AND 210-05 AND UTAH ADMIN. CODE RULES R649-3-2, R649-3-10 AND R649-3-11 (1) AND (2) INSOFAR AS THEY PERTAIN TO LANDS WITHIN THE 2011 EXPANSION OF THE NATURAL BUTTES FEDERAL EXPLORATORY UNIT, COVERING PORTIONS OF TOWNSHIPS 9 SOUTH, RANGE 20 EAST, AND 10 SOUTH, RANGES 20 THROUGH 22 EAST, SLM, UINTAH COUNTY, UTAH

---

**CONSOLIDATED CLARIFICATION  
ORDER**

**Docket No. 99-008**

**Cause No. 173-14**

**Docket No. 2009-012**

**Cause No. 173-24**

**Docket No. 2011-015**

**Cause No. 173-25**

The Board of Oil, Gas and Mining (the “Board”), having fully considered Kerr-McGee Oil & Gas Onshore LP’s *Ex Parte* Motion for Board Notice and Motion for Consolidated Clarification Order dated March 5, 2012, having provided an opportunity for response by interested parties and hearing, but having timely received none, finding good cause therefor, and in accordance with the request of the Utah State Office of the Bureau of Land Management in its February 28, 2012 Decision Letter, hereby orders as follows:

A. The Board’s Consolidated Order entered on December 2, 1999 in Cause No. 173-14 is hereby modified as follows:

(i) Findings of Fact No. 7 is modified to read as follows:

7. The Natural Buttes Unit is a federal exploratory unit administered by the BLM and unitizes the zones and intervals comprising the Wasatch Formation and Mesaverde Group, generally described as being from the base of the Green River Formation down to the top of the Mancos Shale.

(ii) Findings of Fact No. 9 is modified to read as follows:

9. The top of the Mancos formation is identified in the Natural Buttes Unit Agreement as:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22, East, SLM, Uintah County, Utah.

The interval from the base of the Green River Formation down to the top of the Mancos Shale in the Unit Lands is referred to as the “**Unitized Interval.**” The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The Unitized Interval is a commonly occurring

occurring section known throughout the Uintah Basin as a source of natural gas produced from channel sandstones.

B. Findings of Fact No. 5 of the Board's Order entered on October 5, 2009 in Cause No. 173-24 is hereby modified to read as follows:

5. The NBU was approved effective January 5, 1968 and unitized all oil and gas from the base of the Green River Formation, defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah[,]

to the top of the Mancos Shale. The top of the Mancos Formation is defined in the governing Unit Agreement as follows:

[T]he stratigraphic equivalent of the correlation point established at the depth of 9,732 feet below K.B. (Kelly Bushing) in the Chapita Wells Unit #5 Well drilled by Belco Petroleum Corporation in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the "Subject Formations."

C. The Board's Order entered in January 4, 2012 in Cause No. 173-25 is hereby modified as follows:

(i) Findings of Fact No. 4 is hereby modified to read as follows:

4. By Order entered in Cause No. 173-24 on October 5, 2009 (the “173-24 Order”), the Board modified the general well siting rule (Utah Admin. Code Rule R649-3-2) and the directional drilling rules (Utah Admin Code. Rules R649-3-10 and 11(1) and (2)) to provide for the drilling of wells to achieve the equivalent of an approximate 10-acre well density pattern for the production of gas and associated hydrocarbons from the Wasatch Formation and the Mesaverde Group, defined in said Order as:

The base of the Green River Formation, defined as the stratigraphic equivalent of the correlation point established at the depth of 4,822 feet below K.B. (Kelly Bushing) in the Ute Trail #10 Well drilled by DeKalb Petroleum Company in the NE<sup>1</sup>/<sub>4</sub>SW<sup>1</sup>/<sub>4</sub> of Section 34 in Township 9 South, Range 21 East, SLM, Uintah County, Utah, to the top of the Mancos Shale.

The Blackhawk Formation is within the Mesaverde Group, and the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale. The depths between the base of the Green River Formation and the top of the Mancos Shale are hereinafter collectively referred to as the “NBU Formations.”

(ii) Findings of Fact No. 17 is hereby modified to read as follows:

17. There is likelihood that, if development of the NBU as expanded does not occur on an approximate 10-acre well density pattern as to the discontinuous sand bodies, particularly as to the NBU Formations, valuable resources will not be recovered.

For all purposes, the Chairman’s signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2012.

**STATE OF UTAH  
BOARD OF OIL, GAS AND MINING**

By: \_\_\_\_\_  
James T. Jensen, Chairman

2031.0110  
224174

Chapita Well Unit #5 well drilled by Belco Petroleum Corporation in the NE¼SW¼ of Section 22 in Township 9 South, Range 22 East, SLM, Uintah County, Utah.

The correlation point utilized for the top of the Mancos Formation has been a source of confusion leading to Kerr-McGee's request for this clarification. The correlation point in one well does not correctly describe the top of the Mancos Formation throughout the entire Natural Buttes Unit Area as lower Mesaverde Group sandstones intertwine with the upper part of the Mancos Shale.

A memorandum dated January 15, 1968, from the Chief of the Conservation Division of the United States Geologic Survey (USGS) recommending approval of the unit agreement provides that "all formations between the base of the Green River Formation and the top of the Mancos Formation are unitized." Kerr-McGee provided the BLM with an affidavit executed on September 8, 2008, by Gilman A. Hill, the original unit proponent. In paragraph 7, Mr. Hill states that he interpreted the logs of the correlation point well as reflecting there were no additional sands below the stated depth and therefore said that point was representative of the top of the Mancos Shale, the intended floor of the unitized formations. He further states that his interpretation was based on the best data available at that time. In paragraph 8 of the affidavit, Mr. Hill states that, based on review of data obtained in the interim, the geology of the Natural Buttes area clearly is more complex than was known at the time of unit designation.

The BLM acknowledges that all formations from the base of the Green River Formation to the top of the Mancos Shale are unitized under Section 3 of the Natural Buttes Unit Agreement. The BLM also confirms that the Blackhawk Formation is within the Mesaverde Group, and that the Mesaverde Group lies stratigraphically below the base of the Green River Formation and above the Mancos Shale.

We have contacted the Utah Division of Oil, Gas and Mining. Causes 173-25, 173-24 and 173-14 will need to be modified to conform to this decision letter.

You have the right to request a State Director Review of this decision as specified in 43 CFR 3165.3. Such request, including all supporting documentation, must be filed in writing within twenty (20) business days of this notice to the State Director (UT-910), Bureau of Land Management, P.O. Box 45155, Salt Lake City, UT 84145-0155. As stated in the regulations at 43 CFR 3165.3(e), a request for State Director Review does not automatically suspend the decision.

Sincerely,



Roger L. Bankert,  
Chief, Branch of Minerals

cc: UDOGM (John Rogers)  
Utah Board of Oil, Gas and Mining