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

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IN THE MATTER OF THE APPLICATION \*  
OF TXO PRODUCTION CORP. FOR AN \*  
ORDER EXTENDING DRILLING AND \*  
SPACING UNITS AS ESTABLISHED BY \*  
THIS BOARD'S ORDER IN CAUSE NO. \*  
149-1 FOR THE CASTLEGATE MEMBER \*  
OF THE MESA VERDE FORMATION, THE \*  
BRUSHY BASIN MEMBER OF THE \*  
MORRISON FORMATION, THE SALT WASH \*  
MEMBER OF THE MORRISON FORMATION, \*  
THE DAKOTA, CEDAR MOUNTAIN AND \*  
ENTRADA FORMATIONS, UNDERLYING \*  
SECTION 30 OF TOWNSHIP 15 SOUTH, \*  
RANGE 23 EAST, S.L.M., UINTAH COUNTY, \*  
UTAH

O R D E R

Cause No. 149-13

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Pursuant to the application of TXO Production Corp., this cause came on for hearing before the Board of Oil, Gas & Mining, Department of Natural Resources, State of Utah, on Monday, July 26, 1982 at 10:00 A.M. in Room 303 of the State Capital Building, Salt Lake City, Utah. The following Board members were present:

Charles R. Henderson, Chairman

Herm Olson, Presiding

Edward T. Beck

Margaret Bird

John L. Bell

E. Steele McIntyre

Robert R. Norman

Appearances were made as follows:

For TXO Production Corp. (Applicant): Hugh C. Garner, Esq., 1100 Kennecott Building, Salt Lake City, Utah 84133.

For US Companies, Inc. (Applicant): Robert G. Pruitt, Jr., Esq., 36 South State, Salt Lake City, Utah 84111.

NOW THEREFORE, the Board having considered the testimony adduced and the exhibits reviewed in said hearing and being fully advised in the premises by the parties, now makes and enters the following:

**FINDINGS**

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over the subject matter of said application and over all parties interested therein and has jurisdiction to make and promulgate the order hereinafter set forth.

3. This Board has previously entered its order in Cause No. 149-1, establishing 320-acre drilling and spacing units for the Dakota and Morrison Formations underlying Sections 31 and others of Township 15 South, Range 23 East, S.L.M.

4. The Castlegate Member of the Mesa Verde, Dakota, Buckhorn, Morrison and Entrada Formations are believed to underly the above-described land and to constitute a source of supply of natural gas.

5. All available geological and engineering data concerning the area indicates that one well will adequately drain all recoverable gas from each sand interval or zone underlying 320 surface acres of the above described area and the 320 surface acres is the maximum area that may be drained efficiently and economically by one well.

6. In order to avoid the drilling of unnecessary wells, to protect the correlative rights of all parties concerned, to insure proper and efficient development and to promote conservation of the gas resources of this state, an order should be made establishing drilling units for the production of gas from the Dakota and Morrison

Formations underlying Section 30, Township 15 South, Range 23 East, S.L.M.

7. Sufficient evidence now being available upon which to reach a decision and in the absence of any objection, the Board issues the following:

ORDER

IT IS HEREBY ORDERED by this Board as follows:

To prevent waste of oil, gas and associated hydrocarbons, to avoid the drilling of unnecessary wells, to protect correlative rights and to establish drilling units of uniform size and shape, the Board hereby establishes two drilling units of 320 acres in Section 30, Township 15 South, Range 23 East, S.L.M., running in a north/south direction, comprising the E1/2 of said Section 30 and the W1/2 of said Section 30, according to the government survey of the above described lands as an extension of its Order in Cause No. 149-1.

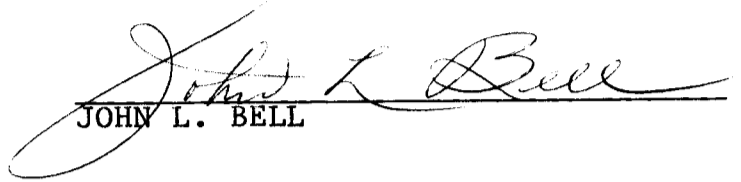
On each drilling unit, one well may be completed and produced. The permitted wells for the drilling unit shall be located consistent with the 320-acre spacing unit and shall be located not nearer than 1,000 feet from the spacing unit boundary with a 500-foot tolerance to be granted administratively for geological and/or topographical exceptions, and no closer than 2,500 feet from a producing well in the adjacent area, and that a 500-foot tolerance be permitted in the footage between wells in the event surface obstructions or undue hazards are encountered.

DATED this 27th day of July, 1982.

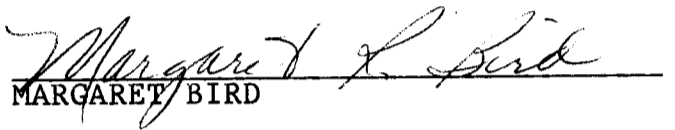
BOARD OF OIL, GAS & MINING  
State of Utah

  
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CHARLES R. HENDERSON, Chairman

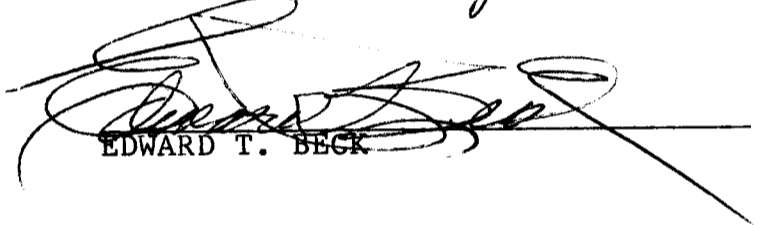
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HERM OLSEN, Presiding

  
JOHN L. BELL

ROBERT R. NORMAN

  
MARGARET BIRD

  
E. STEELE MCINTYRE

  
EDWARD T. BECK