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

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IN THE MATTER OF THE  
PROTEST OF FORTUNE OIL  
COMPANY TO THE STATE  
APPROVAL OF TXO PRODUCTION  
CORPORATION'S APPLICATION  
TO DRILL THE ARCO FEDERAL  
B No. 2 WELL LOCATED IN  
SECTION 6, TOWNSHIP 16 SOUTH,  
RANGE 25 EAST, GRAND COUNTY,  
UTAH.

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O R D E R

Cause No. 149-16

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Pursuant to the application of Fortune Oil Company, this cause came on for hearing before the Board of Oil, Gas and Mining, Department of Natural Resources and Energy, State of Utah, on Tuesday, November 30, 1982 at 10:00 A.M. in Room 426 of the State Capitol Building, Salt Lake City, Utah. The following Board members were present:

Herm Olson, Presiding  
Margaret Bird  
E. Steele McIntyre  
John L. Bell  
Robert R. Norman  
Edward T. Beck

Appearances were made as follows: For Fortune Oil Company (Applicant) John R. Anderson, President, 50 South Main Street, Suite 1570, Salt Lake City, Utah 84144; for TXO Production Corp. (Respondent), James W. Carter, Esq. 310 South Main Street, Suite 1400, Salt Lake City, Utah 84101.

NOW THEREFORE, the Board having considered the testimony adduced and the exhibits reviewed in said hearing and being fully advised in the premises, 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 Section 6 and others of Township 16 South, Range 25 East, S.L.M.

4. That Respondent, TXO Production Corporation has filed an Application for Permit to Drill with the State of Utah for authorization to directionally drill the ARCO Federal B No. 2 Well to be located in the SW1/4 of said Section 6, township and range as aforesaid.

5. That Rule C-8(i) of the Rules and Regulations of the Division of Oil, Gas and Mining of the State of Utah requires that a complete angular deviation and directional survey of such directionally drilled wells be obtained by an approved well surveying company and be filed with the Division together with all other regularly required reports.

Sufficient evidence now being available upon which to reach a decision, the Board issues the following:

ORDER

IT IS HEREBY ORDERED by this Board as follows:

1. That the APD filed by TXO Production Corporation to drill the ARCO Federal B No 2 Well be approved as amended to permit the directional drilling of said well as described therein.

2. That TXO Production Corporation retain the services of an independent, qualified directional well survey service to conduct a directional survey contemporaneously with the drilling of the subject well in accordance with the generally accepted standards of practice of the oil and gas industry.

3. That, upon completion of the subject well, TXO Production Corporation direct said independent well survey service to provide copies of the completed survey to the necessary federal and state agencies and to supply a copy of said survey to Fortune Oil Company.

4. Production from said ARCO Federal B No. 2 Well shall be allowed only from strata or intervals underlying the drilling unit which conform to the distance requirements established by the Board in its Order entered in Cause No. 149-1. All productive zones encountered and/or portions of productive zones lying outside the area of permissible well locations shall be cased and shall not be produced by TXO Production Corporation.

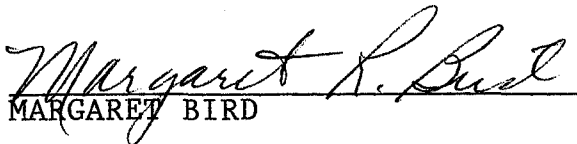
DATED this 30<sup>th</sup> day of November, 1982.

BOARD OF OIL, GAS AND MINING  
State of Utah

  
HERM OLSON, Presiding

  
JOHN L. BELL

  
ROBERT R. NORMAN

  
MARGARET BIRD

  
E. STEELE MCINTYRE

EDWARD T. BECK

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4. That Respondent, TXO Production Corp. has filed an Application for Permit to Drill with the State of Utah for authorization to directionally drill the ARCO Federal B No. 2 Well to be located in the SW1/4 of said Section 6, township and range as aforesaid.

5. That Rule C-8(i) of the Rules and Regulations of the Division of Oil, Gas & Mining of the State of Utah requires that a complete angular deviation and directional survey of such directionally drilled wells be obtained by an approved well surveying company and be filed with the Division together with all other regularly required reports.

Sufficient evidence now being available upon which to reach a decision, the Board issues the following:

ORDER

IT IS HEREBY ORDERED by this Board as follows:

1. That the APD filed by TXO Production Corp. to drill the ARCO Federal B No. 2 Well be approved as amended to permit the directional drilling of said well as described therein.

2. That TXO Production Corp. retain the services of an independent, qualified directional well survey service to conduct a directional survey contemporaneously with the drilling of the subject well in accordance with the generally accepted standards of practice of the oil and gas industry.

3. That, upon completion of the subject well, TXO Production Corp. direct said independent well survey service to provide copies of the completed survey to the necessary federal and state agencies and to supply a copy of said survey to Fortune Oil Company.

4. Production from said ARCO Federal B No. 2 Well shall be allowed only from strata or intervals <sup>underlying the drilling unit</sup> ~~which lie within the unit boundary and well to well distance requirements~~ established by the Board in its Order entered in Cause No. 149-1. All productive zones encountered and/or portions of productive zones lying outside the area of permissible well locations shall be cased and shall not be produced by TXO Production Corp.