

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

IN THE MATTER OF THE APPLICATION)
OF CHAMPLIN PETROLEUM COMAPNY) ORDER GRANTING EXCEPTION
FOR AN ORDER PROHIBITING PRODUC-) LOCATION FOR BOTTOM HOLE
TION FROM A PARTICULAR WELL,) LOCATION OF UPRR 9-1 WELL
PINEVIEW FIELD, SUMMIT COUNTY,)
UTAH.) Cause No. 160-15

The above matter and the application of American Quasar Petroleum Company of New Mexico for an Order granting an exception to the bottom hole location of the UPRR 9-1 Twin Creek Watton Canyon Well in the Pineview Field, Summit County, Utah, having come on regularly for hearing before the Utah Board of Oil, Gas and Mining on the 27th day of March, 1980, in the Governor's Board Room, Room 200, State Capitol Building, and again on the 10th day of April, 1980, at the Holiday Inn, 1657 West North Temple, Salt Lake City, Utah and Members of the Board appearing on the 27th day of March, 1980, being as follows:

Charles Henderson, Chairman, Board of Oil, Gas and Mining
John L. Bell, Board Member
Thadis Box, Board Member
E. Steele McIntyre, Board Member
Edward T. Beck, Board Member

And on the 10th day of April, 1980, appearances were made as follows:

Charles Henderson, Chairman, Board of Oil, Gas and Mining
Ray Juvelin, Board Member
Edward T. Beck, Board Member
E. Steele McIntyre, Board Member
Cleon B. Feight, Director, Oil, Gas and Mining and
Secretary of the Board
Michael T. Minder, Petroleum Engineer, Oil, Gas and Mining
Denise A. Dragoo, Special Assistant, Attorney General's Office
Robert C. McGinnis, McGinnis, Lochridge and Kilgore
J.D. Henry, Chaplin Petroleum Company
Frank Douglass, Counsel for American Quasar Petroleum Company
Frank J. Gustin, American Quasar
Allan Sullivan, Counsel for Champlin Petroleum Company
John W. Stayton, Jr., Champlin Petroleum Company
Robert Pruitt, Counsel for Energetics, Inc.
Harry Hickman, Amoco Production Company

The Board having fully considered the testimony of all witnesses, statements of others, written briefs and all exhibits introduced and received in the course of said hearing and the Board being fully advised in the premises, now makes and enters its Findings of Fact, Conclusions of Law and Order herein as follows:

FINDINGS OF FACT

1. Due proper and regular notice of the time, place and purpose of the hearing (and any continuance thereof) was given to all interested parties in the form and manner and within the time required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over all matters covered by the application, the subject lands and mineral estates therein, and all parties interested in said subject lands as their respective interests appear. Further, the Board has authority to make and enter the order hereinafter set forth.

3. The Board issued an Order establishin 80 acre drilling and spacing units for the Pineview Field incident to the production of oil, and associated hydrocarbons from the Twin Creek and Nugget Formations in lands located in Townships 2 & 3 North, Range 7 East, SLBM, Summit County, Utah in Cause No. 160-6, July 29, 1976. That Order required that drilling and spacing units should consist of the N $\frac{1}{2}$ and S $\frac{1}{2}$ of each $\frac{1}{4}$ section and the permitted well location for each such drilling and spacing unit should be located in the center of the NW $\frac{1}{4}$ and the center of the SE $\frac{1}{4}$ of each $\frac{1}{4}$ section with the tolerance of 200 feet in any direction when surface topography made such necessary.

4. On July 11, 1979, American Quasar was granted permission by the Board to make an unorthodox location for topographic reasons (slide area) and authorized to directionally drill its No. 9-1 UPRR Well (hereinafter called the 9-1) into the center of the $\frac{1}{4}$ section with a tolerance of 200 feet in any direction.

5. The bottom hole location of the 9-1 Well is approximately 129 feet from the 200 foot radius of the regular location in the center of the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 9, and it is approximately 385 feet west of the center line of Section 9.

6. The present matter concerns an application made by American Quasar for an Order granting an exception to said bottom hole location of the UPRR 9-1 Well on December 31, 1979.

7. Champlin Petroleum Company appeared in opposition to American Quasar's application for an exception location for bottom hole location of the UPRR 9-1 Well. Champlin claims that American Quasar's location and drilling program violate the Board's Order in Cause No. 160-6 and that the Board should refuse American Quasar's request for an exception location. In addition, Champlin maintains that the drilling operations of American Quasar trespass upon Champlin's property over a vertical depth of approximately 1500 feet.

The following issues are before the Board:

1. Was the UPRR 9-1 Well drilled and completed in violation of the Board's Order in Cause No. 160-6?
2. Did the off pattern well completion at some 100 plus feet from the prescribed bottom hole location give American Quasar a drainage advantage?
3. Has the UPRR 9-1 Well completion created a potential for the violation of correlative rights?
4. Does the UPRR 9-1 Well as completed cause the waste of oil or gas?
5. Was the UPRR 9-1 Well drilled in such a manner so as to create a sub-surface trespass upon Champlin's mineral estate?

CONCLUSIONS OF LAW

1. The UPRR 9-1 Well was drilled and completed in violation of the Spacing Order issued in Cause No. 160-6. Since that Order, the Board has required that the well location be at the point that the well penetrates the producing formation and not the surface location. However, the well did penetrate the producing formation some 100 or more feet from the approved target area and in an upstructure position.

2. The preponderance of the evidence introduced at the hearing by American Quasar and not refuted by Champlin was that the Watton Canyon producing zone has a producing mechanism called a segregation drive and that an upstructure well obtains no advantage from its vertical location. Therefore the UPRR 9-1 Well which was drilled and completed in such an upstructure position obtains no

advantage in the field and in fact the well location results in a less productive location which may enhance later production from a downstructure well.

3. Production of the UPRR 9-1 Well will not violate the correlative rights of Champlin or any other operator-owner in the Watton Canyon Reservoir. The UPRR 9-1 Well bottom holed on American Quasar's lease in such a location that no correlative rights are violated.


4. No significant evidence was presented at this hearing that the UPRR 9-1 Well as completed, will cause waste of any oil or gas and the Board finds that there was no such waste. On the contrary, American Quasar introduced unrefuted evidence that the oil and gas not recovered by this well could be recovered by a downstructure well.

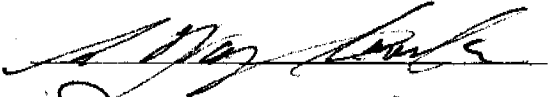
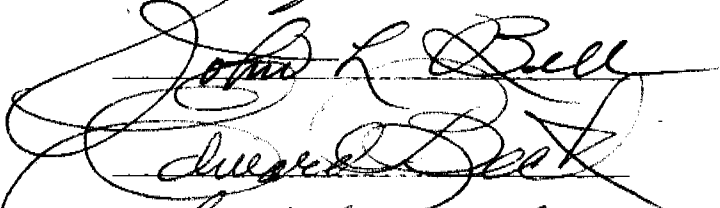
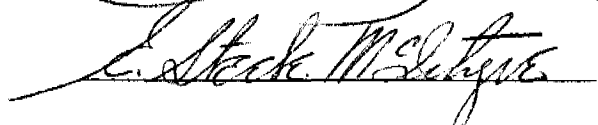
5. Although Champlin raised the issue of a possible sub-surface trespass involved in the drilling and operation of the UPRR 9-1 Well, the Board has determined that testimony and evidence presented concerning this issue was inconclusive. Therefore, the Board finds that there was no trespass on either the mineral or surface estate adjacent to the American Quasar lease.

ORDER

Therefore, based on the above Findings of Fact and Conclusions of Law, the Board hereby grants American Quasar Company of New Mexico, an exception to the bottom hole location of the UPRR 9-1 Well and authorized the 9-1 Well to produce at its current bottom hole location.

DATED this 11th day of April, 1980.


CHAIRMAN OF THE BOARD

Secretary