

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

IN THE MATTER OF THE APPLICATION OF	§	
AMERICAN QUASAR PETROLEUM COMPANY OF	§	ORDER
NEW MEXICO FOR AN ORDER TO PERMIT	§	
THE DRILLING, REDRILLING, AND/OR RE-	§	CAUSE NO. 160-19
WORKING OF FOUR WELLS AS EXCEPTION	§	
LOCATIONS IN THE NUGGET RESERVOIR	§	
PINEVIEW FIELD, SUMMIT COUNTY, UTAH	§	

This cause come to be heard regularly before the Board of Oil, Gas and Mining ("Board"), and was heard, pursuant to due and proper Application and Notice of Hearing, on September 25, 1980 in the Executive Conference Room, Holiday Inn 1659, West North Temple, Salt Lake City, Utah.

The following members of the Board (constituting a quorum of the Board) were present and in accordance with the law participated in the hearing upon all matters and the decision resulting in this order:

Charles R. Henderson
John L. Bell
Edward T. Beck
E. Steele McIntyre
Max A. Farbman

The following members of the Board's staff were also present and participating:

Michael T. Minder, Geological Engineer
Denise A. Dragoo, Special Assistant Attorney General

Appearances of Counsel were made as follows:

Frank Gustin, Salt Lake City, Utah and
Frank Douglass, Austin, Texas,
Attorneys representing American Quasar Petroleum Company

of New Mexico, applicant herein;

Joe Henry, Denver, Colorado and

R. C. McGinnis, Austin, Texas,

Attorneys representing Champlin Petroleum Company, an interested party herein.

NOW, THEREFORE, the Board having fully considered the testimony of all witnesses, statements of others and all exhibits, statements introduced and received in the course of said hearing, and in all respects being fully advised in the premises, makes and enters the following Findings of Fact and Conclusions of Law and renders its permanent and final Order as follows:

FINDINGS OF FACT

1. American Quasar Petroleum Co. (Applicant) owns oil and gas leases on the S/2 and the N/2 of the SW/4 of Sec. 2, T2N, Range 7-E, SLM, Summit County, Utah. Applicant also owns an oil and gas lease on the N/2 of the SE/4 of Sec. 3, T2N, Range 7-E, SLM, Summit County, Utah.

2. Applicant proposes to re-enter, re-work, work-over, directionally drill, and/or redrill the 2-1 Bingham well located on the N/2 of the SW/4 of Sec. 2, T2N, Range 7-E, SLM, Summit County, Utah, in the Nugget Reservoir Pineview Field and produce such well at the current location or a new location. The 2-1 Bingham redrilled and/or directionally drilled well will not be perforated in the Nugget Reservoir Pineview Field less than 300' from any lease line.

3. There is sufficient evidence to show that, the 2-1 Bingham well has had a history of mechanical problems, including collapsed casing and tubing.

4. The 2-1 Bingham well is currently producing 518 bopd and 349 bwpd.

5. There is sufficient evidence to show that the 2-1 Bingham well cannot be plugged back without serious risk of losing completion.

6. There is sufficient evidence to show that the continued

production of the 2-1 Bingham well at its present location or at a new location will protect correlative rights and increase ultimate recovery from the Nugget Reservoir Pineview Field.

7. Applicant seeks an exception location for its 2-1A Bingham well as now located. Applicant requests permission to produce the 2-1A Bingham and the 2-3 Bingham wells located on the S/2 of the SW/4 of Sec. 2, T2N, Range 7-E, SLM, Summit County, Utah, from the Nugget Reservoir Pineview Field.

8. Applicant proposes to produce concurrently from the Nugget Reservoir Pineview Field the 2-1 Bingham, 2-1A Bingham, and 2-3 Bingham wells in accordance with Applicant's above proposals.

9. The 2-1A Bingham well was recently completed in the Nugget Reservoir Pineview field formation and produces 428 bopd and 60 bwpd.

10. There is sufficient evidence to show that the 2-1A Bingham well is completed in a poorly developed Nugget. The Nugget has not been fractured, has poor porosity and has been separated from the 2-1 Bingham well by faulting.

11. There is sufficient evidence to show that the 2-1A Bingham well is necessary to protect correlative rights and increase ultimate recovery from the Nugget Reservoir Pineview Field.

12. There is sufficient evidence to show that the 2-3 Bingham well has a history of limited production from a poor quality Nugget reservoir.

13. There is sufficient evidence to show that the 2-3 Bingham well is necessary to protect correlative rights and to increase ultimate recovery from the Nugget Reservoir Pineview Field.

14. Applicant proposes to drill the 3-9 UP RR Co. well at the center of the NE/4 of the SE/4 of Sec. 3, T2N, Range 7-E, SLM, Summit County, Utah, as an exception location. Applicant proposes to produce the 3-9 UP RR Co. well in the Nugget Reservoir Pineview Field concurrently with the 3-3 UP RR Co. well located

on the same 80 acre drilling and spacing unit. The 3-9 UP RR Co. well will not be perforated in the Nugget Reservoir Pineview Field closer than 300' from any lease line.

15. There is sufficient evidence to show that the 3-9 UP RR Co. well will be one of the highest wells in the Nugget Reservoir Pineview Field.

16. The 3-9 UP RR Co. well is necessary to protect correlative rights and recover updip oil that no other well in the Nugget Reservoir Pineview Field could produce.

17. Champlin Petroleum Company is the only other operator in the Pineview Field area and has agreed in writing that it has no objection to the Applicant's above proposals.

CONCLUSIONS OF LAW

1. The Board has jurisdiction over all matters covered by the Application of American Quasar Petroleum Company ("Application") for an order to permit the drilling, redrilling, and/or reworking of four wells as exception locations in the Nugget Reservoir Pineview Field, Summit County, Utah. The Board also has jurisdiction over all matters covered by the Notice of Hearing and over the subject lands and mineral leases covered by the Application, and all parties interested in said subject lands as their respective interests appear. Further, the Board has the authority under applicable law to make and enter the order set forth herein.

2. The Application is in the form as provided by the applicable statutes and the rules and regulations governing proceedings before the Board.

3. Due, proper, and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and manner and within the time prescribed by the applicable statutes and the rules and regulations of the Board.

That, pursuant to the foregoing Findings of Fact and Conclusions of Law, the Board hereby makes and adopts the following:

CONCLUSIONS

1. In accordance with Section 40-6-6, Utah Code Annotated, 1953, as amended, the exception locations for the four wells requested by Applicant are necessary in the Nugget Reservoir Pineview Field to prevent waste and adequately develop Applicant's leases.

2. In accordance with Section 40-6-6, Utah Code Annotated, 1953, as amended, the exception locations for the four wells requested by Applicant are necessary to protect correlative rights and increase ultimate recovery in the Nugget Reservoir Pineview Field.

Pursuant to the foregoing Findings of Fact and Conclusions of Law, the Board hereby makes the following:

ORDER

1. IT IS HEREBY ORDERED that the application of American Quasar Petroleum Company for an exception location to re-enter, re-work, work-over, directionally drill, and/or redrill the 2-1 Bingham well in the N/2 of the SW/4 of Sec. 2, T2N, Range 7-E, SLM, Summit County, Utah, from the Nugget Reservoir Pineview Field should be and hereby is granted, provided that said re-drilled and/or directionally drilled 2-1 Bingham well is not perforated closer than 300' from a lease line.

2. IT IS FURTHER ORDERED that the application of American Quasar for an exception location to produce the 2-1A Bingham well, in the S/2 of the SW/4 of Sec. 2, T2N, Range 7-E, SLM, Summit County, Utah from the Nugget Reservoir Pineview Field and for permission to produce simultaneously both the 2-1A Bingham and 2-3 Bingham wells from the S/2 of the SW/4 of Section 2 should be and is hereby in all things granted.

3. IT IS FURTHER ORDERED that the application of American Quasar Petroleum Company for permission to produce concurrently the 2-1 Bingham, 2-1A Bingham and 2-3 Bingham wells from the Nugget Reservoir Pineview Field should be, and hereby is granted as an exception to the spacing order in Cause No. 160-6, provided

that said wells are drilled and completed in accordance with the terms of this order.

4. IT IS FURTHER ORDERED that the application of American Quasar Petroleum Co. for an exception location to drill and produce the 3-9 UP RR Co. well located in the center of the NE/4 of the SE/4 of Sec. 3, T2N Range 7-E, SLM, Summit County, Utah, and to produce said 3-9 UP RR Co. well from the Nugget Reservoir Pineview Field concurrently with the 3-3 UP RR Co. well on the same 80-acre drilling and spacing unit, should be, and hereby is, granted as an exception to the spacing order entered in Cause No. 160-6, provided the 3-9 UP RR Co. well is not perforated closer than 300' from any lease line.

ENTERED THIS 25th day of September, 1980.

BOARD OF OIL, GAS AND MINING


Chairman






