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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 CORPORATION \*  
FOR AN ORDER EXTENDING DRILLING \*  
AND SPACING UNITS AS ESTABLISHED \*  
BY THIS BOARD'S ORDER IN CAUSE \*  
NO. 165-1 FOR THE DAKOTA AND \*  
MORRISON FORMATIONS UNDERLYING \*  
SECTION 27, TOWNSHIP 17 SOUTH, \*  
RANGE 24 EAST, S.L.M., GRAND \*  
COUNTY, UTAH. \*

O R D E R

Cause No. 165-9

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Pursuant to the Application of TXO Production Corporation,  
this cause came on for hearing before the Board of Oil, Gas and  
Mining, Department of Natural Resources, State of Utah, on Thursday,  
May 27, 1982 at 10:00 A.M., in room 303 of the State Capitol  
Building, Salt Lake City, Utah. The following Board members were  
present:

Charles R. Henderson, Chairman, Presiding

Herm Olson

Edward T. Beck

Margaret Bird

Appearances were made as follows:

For TXO Production Corporation (the applicant): James W.  
Carter, Esq., 1100 Kennecott Building, Salt Lake City, Utah 84133.

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. 165-1, establishing 320-acre drilling and spacing units for the Dakota and Morrison Formations underlying Sections 4 and others, T17S, R26E, S.L.M.

4. The Dakota and Morrison 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 that 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 shall be made establishing drilling units for the production of gas from the Dakota and Morrison Formations underlying Section 27, Township 17 South, Range 24 East, S.L.M.

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

ORDER

IT IS HEREBY ORDERED by this Court as follows:

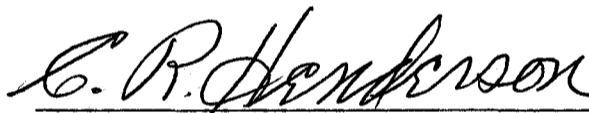
To prevent waste of oil, gas and associated hydrocarbons, to avoid the drilling of unnecessary wells, to protect correlative rights and to establish drilling units of uniform size and shape, the

Board hereby establishes two drilling units of 320 acres in Section 27, Township 17 South, Range 24 East, S.L.M., running in either a north/south or east/west direction, at applicant's discretion, according to the government survey of the said described land, as an extension of its order in Cause 165-1.

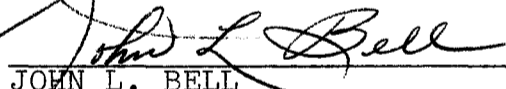
On each drilling unit, one well may be completed and produced. The permitted wells for the drilling units shall be located consistent with a 320-acre spacing pattern and each well shall be located no closer than 1,000 feet from the drilling unit boundary with a 500-foot tolerance, to be granted administratively for geological and/or topographical exceptions; and no closer than 2,500 feet from any other gas well which is produceable from the same sand interval or zone, provided that a 500-foot tolerance is permitted in the footage between wells in the event surface obstructions or undue hazards are encountered.

DATED this 27th day of May , 1982.

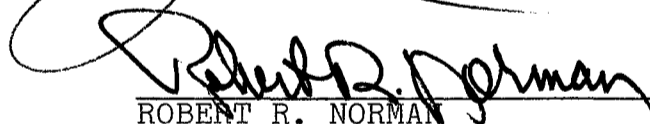
BOARD OF OIL, GAS AND MINING  
State of Utah



CHARLES R. HENDERSON,  
Chairman



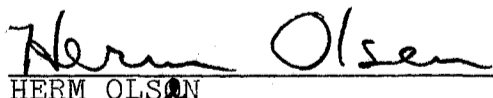
JOHN L. BELL



ROBERT R. NORMAN



MARGARET BIRD



HERM OLSON



E. STEELE MCINTYRE

EDWARD T. BECK