CAUSE NO. 167-5 / DOCKET NO. 94-033

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF UNION PACIFIC RESOURCES COMPANY, FOR A 640-ACRE SINGLE SECTION DRILLING UNIT (HORIZONTAL) FOR THE TWIN CREEK FORMATION LOCATED IN SECTION 24, TOWNSHIP 2 NORTH, RANGE 6 EAST, S.L.B.&M., SUMMIT COUNTY, UTAH

<u>ORDERS</u>

ORDER #	DATE SIGNED	DESCRIPTION
#1	11/15/94	ORER APPROVING MOTION FOR DEVIATION FROM PROCEDURAL RULES
#2	12/19/94	FINDINGS OF FACT AND CONCLUSIONS OF LAW AND ORDER

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

Tolasha IN THE MATTER OF THE REQUEST 19195 FINDINGS OF FACT AND FOR AGENCY ACTION OF UNION PACIFIC RESOURCES COMPANY, CONCLUSIONS OF LAW AND FOR A 640-ACRE SINGLE SECTION ORDER DRILLING UNIT (HORIZONTAL) FOR THE TWIN CREEK Docket No. 94-033 FORMATION LOCATED IN SECTION 24, TOWNSHIP 2 NORTH, Cause No. 167-5 RANGE 6 EAST, S.L.B.& M., SUMMIT COUNTY, UTAH.

Pursuant to the Request for Agency Action of Union Pacific Resources

Company ("Petitioner"), this cause came before the Board of Oil, Gas and Mining

("Board"), Department of Natural Resources, on December 7, 1994, commencing

at the hour of 10:00 a.m. in the boardroom of the Division of Oil, Gas and Mining

("Division"), 3 Triad Center, Suite 520, 355 West North Temple, Salt Lake City,

Utah.

The following Board members were present and participated in the hearing:

David D. Lauriski, Chairman Raymond Murray Jay Christensen Kent Stringham Judy F. Lever Thomas Faddies The Board was represented by John W. Andrews, Esq. and the Division was represented by Thomas A. Mitchell, Esq., both Assistant Attorneys General for the State of Utah.

James W. Carter, Director of the Division, and Ronald J. Firth, Associate Director, Oil and Gas, for the Division participated in the hearing. Robert A. Hendricks, Chief, Branch of Fluid Minerals, Utah State Office, Bureau of Land Management also participated in the hearing.

John S. Kirkham, Esq. of Stoel Rives Boley Jones & Grey represented the Petitioner, and appearing as witnesses for the Petitioner were Wendell Hibbett, Landman, Ross Matthews, Geologist, and Pat Stevens, Petroleum Engineer.

NOW THEREFORE, the Board, having considered the Request for Agency Action, the testimony of the witnesses and the exhibits presented at said hearing and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT

- 1. Due and regular notice of the time, place and purpose of the December 7, 1994 hearing was given to all interested parties as required by law and the rules and regulations of the Board.
- 2. Pursuant to Utah Code Ann. § 40-6-6 (1993) and in accordance with Utah Administrative Code § R641-104-100 (1993), the Board has jurisdiction over this matter and over all of the parties interested therein, and to make and promulgate the Order hereinafter set forth.

- 3. The Petitioner is the owner of record of four fee land leases covering 560 acres located in Section 24, Township 2 North, Range 6 East, S.L.B. & M., in the Twin Creek Formation in Summit County, Utah.
- 4. Said Section 24 includes an 80-acre tract of Federal lands subject to a Federal lease to which Petitioner is not the lessee of record, necessitating an order of the Board to establish the drilling unit for the proposed Newton Sheep 24-1H well.
- 5. Due to the continuity of the Twin Creek Formation underlying Section 24, and in the interests of conservation and prevention of waste, for the protection of correlative rights of the various owners of oil and gas, to secure the maximum ultimate recovery of oil and gas, and to prevent the drilling of unnecessary wells, Petitioner's proposed 640-acre single section drilling unit (horizontal) warrants an order from the Board.
- 6. Petitioner's proposed well will employ technology allowing drilling of a single vertical component and one or more horizontal drilled laterals in order to establish a well which would efficiently drain a maximum area of 640 acres, allowing orderly development of the Twin Creek Formation underlying Section 24.
- 7. Petitioner's proposed drilling unit is of a uniform size and shape and is consistent with the established voluntary spacing for horizontal wells in the area. An order from the Board authorizing the drilling of one or more horizontal laterals from a single surface well bore at any surface location within

the bounds of the subject land would allow the geology of the Twin Creek

Formation to dictate the distance and direction of the horizontal laterals up to a

distance of 660 feet from any section boundary line.

- 8. The proposed terms and conditions regarding the well location and drilling limitations are just and reasonable. Petitioner's siting and drilling considerations regarding the drilling unit are driven by technology which will take advantage of the geology of the Twin Creek Formation, and therefore the proposed drilling unit does not extend beyond the bounds of the pool, although the exterior limits of the pool are not known.
- 9. The vote of the Board to approve the Petition as submitted was unanimous.

CONCLUSIONS OF LAW

- Section 24 overlays a common source of supply of oil and gas in the
 Twin Creek Formation.
- 2. The maximum area that can be efficiently and economically drained by one well producing from the Twin Creek Formation is 640-acres.
- 3. The establishment of a 640-acre single section drilling unit for production of oil and gas from the Twin Creek Formation underlying the subject land will promote conservation and prevent waste, protect correlative rights, prevent the drilling of unnecessary wells, and secure the maximum ultimate recovery of oil and gas.

4. The well to be sited at a surface location in Section 24 designated by Petitioner, will consist of a single vertical component and one or more drilled laterals which will shall be located no closer than 660 feet from any section boundary line, and will not extend beyond the exterior limits of the pool found in the Twin Creek Formation underlying subject land.

ORDER

Based upon the Findings of Fact and Conclusions of Law set forth above, the Board hereby ORDERS that a 640-acre single section drilling unit (horizontal) for the Twin Creek Formation underlying the subject land is hereby established.

The well to be sited at a surface location within the subject land designated by Petitioner, will consist of a single vertical component and one or more horizontal drilled laterals limited to a distance of 660 feet from any section boundary line.

The Board retains exclusive and continuing jurisdiction over all matters covered by this Order and over all parties affected thereby, and particularly reserves exclusive and continuing jurisdiction to make further orders as may be appropriate and which are authorized by statute and regulation.

ISSUED AND SIGNED this 19 day of December , 1994.

STATE OF UTAH
BOARIN OF OIL, CAS AND MINING

Dave D. Lauriski Chairman

CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT AND CONCLUSIONS OF LAW AND ORDER for Docket No. 94-033, Cause No. 167-5 to be mailed by certified mail, postage prepaid, on the 5th day of January 1995, to the following:

ATTN: MARILYN J MEEHAN UNION PACIFIC RESOURCES CO PO BOX 7 MS 3006 FORT WORTH TX 76101-0007

Hand Delivered to:

JOHN S KIRKHAM ESQ STOEL RIVES BOLEY JONES & GREY ATTORNEYS FOR PETITIONER UNION PACIFIC RESOURCES CO ONE UTAH CENTER SUITE 1100 201 SOUTH MAIN STREET SALT LAKE CITY UT 84111-4904

Mailed first-class, postage prepaid on January 6, 1995, to the following:

JERRY D ARMSTRONG 475 17TH STREET #1300 DENVER CO 80202

WILLIAM DEAN ARMSTRONG 518 17TH STREET #1650 DENVER CO 80202

BASS ENTERPRISES PRODUCTION CO 201 MAIN STREET FORT WORTH TX 76102

SR BASS INC
THRU LINE INC
ROBERT M BASS GROUP INC
LEE M BASS INC
ATTN: MR TOM SIRROLLA
1099 18TH STREET #1600
DENVER CO 80202

BLONQUIST RANCHES

A LIMITED PARTNERSHIP

COALVILLE UT 84017

CAROLYN C BLOOM PO BOX 310 PARK CITY UT 84060

BOW VALLEY PETROLEUM INC 1700 BROADWAY SUITE 900 DENVER CO 80290 (Bad Address)

JAMES D BROWNLIE 718 17TH STREET #808 DENVER CO 80202

MARGARET A BROWNLIE 2575 BEAR CANYON ROAD BOSEMAN MT 59715 BRUNSANCLAY COMPANY 100 SUNFLOWER WINDSOR CO 80550

BUREAU OF LAND MANAGEMENT-UT UTAH STATE OFFICE 324 SOUTH STATE SUITE 301 SALT LAKE CITY UT 84111-2303

ELIZABETH ANN CARRICK FORMERLY
ELIZABETH ANN ARMSTRONG
49 HILLSIDE TERRACE
SUMMIT NJ 07901

CONQUEST EXPLORATION COMPANY ATTN: MS JANE M PERESKI 1331 LAMAR #900 HOUSTON TX 77010-3088

CP RESOURCES INC 518 17TH STREET SUITE 1125 DENVER CO 80202

DECA ENERGY CORP
C/O KENNEDY & MITCHELL INC
PO BOX 619024
DALLAS TX 75261-9024

EM NOMINEE PARTNERSHIP CO C/O HALLWOOD PETROLEUM INC ATTN: CONNIE HEATH SUITE 1700 4582 S ULSTER PARKWAY STREET DENVER CO 80237

EXXON COMPANY USA PO BOX 2180 HOUSTON TX 77252-2180

MICHAEL J FUCHS
MARGARET S FUCHS
12980 CALLAE DRIVE
CONIFER CO 80433

GREAT WESTERN COAL INC C/O GREAT WESTERN ONSHORE INC ATTN: JEANINE WRIGHT 1111 BAGBY SUITE 1700 HOUSTON TX 77002 GERALD HAGERMAN 3638 EAST GEDDES AVENUE LITTLETON CO 80122 (Bad Address)

HAMON OPERATING CO 8411 PRESTON ROAD SUITE 800 - LB33 DALLAS TX 75225

JAMES L HARDEN 999 18TH STREET STE 2950 DENVER CO 80202

H & S EXPLORATION COMPANY PO BOX 660 COALVILLE UT 84017

KENNEDY & MITCHELL INC PO BOX 619024 DALLAS TX 75261-9024

L. CLARK KISER (NO ADDRESS AVAILABLE)

LLOYD CHEMICAL SALES INC PO BOX 2700 MIDLAND TX 79702-2700

LOUCKS INVESTMENTS Returned 925 KOHL BROOMFIELD CO 80020

DEAN MOHR 9462 W KENTUCKY PLACE LAKEWOOD CO 80226

LYLE J MOORE LENORA L MOORE PO BOX 998 CASTLE ROCK CO 80104

NEWTON SHEEP COMPANY
A LIMITED PARTNERSHIP
C/O SCOTT F NEWTON
3668 SOUTH 6580 WEST
WEST VALLEY CITY UT 84120

NORTH CENTRAL OIL CORPORATION 6001 SAVOY DRIVE SUITE 600 HOUSTON TX 77036-3381 LYNN A PETERSON
JAMES E CATLIN
518 17TH STREET #1125
DENVER CO 80202

RUSSELL A POMEROY 5449 SOUTH JASMINE ENGLEWOOD CO 80111

RICHARDSON OPERATING COMPANY ATTN: PETER A GOWAN 1700 LINCOLN SUITE 1700 DENVER CO 80203

ROARING RIVER RESOURCES 3200 OHIO WAY DENVER CO 80209

ROCKY MOUNTAIN OILFINDERS INC 104 INVERNESS TERRACE EAST ENGLEWOOD CO 80112 (Bad Address)

THE ESTATE OF JACK B RYAN 10 CLYDESDALE ROAD SURREY RIDGE CASTLEROCK CO 80104 (Bad Address)

SILVERADO OIL INC 1220 11TH AVENUE STE 201 GREELEY CO 80631

SUMMIT ROYALTY LTD 1802 WILDWOOD DRIVE STILLWATER OK 74075

SID TOMLINSON PO BOX 594 TWIN FALLS IDAHO 83303 (Bad Address)

ROBIN UTLEY TRUSTEE OF THE MAX W PRESCOTT TRUST 8964 W ILLIFF LANE LAKEWOOD CO 80227

DAVID WALLACE 1265 SOUTH HIGH STREET DENVER CO 80210 JOHN WALLACE 875 SOUTH DOWNING DENVER CO 80209

MARK WALLACE 1974 S DOWNING STREET DENVER CO 80210 (Bad Address)

THOMAS WALLACE 1265 S HIGH STREET DENVER CO 80210

WOLVERINE EXPLORATION CO 777 MAIN ST SUITE 1490 FORT WORTH TX 76102

ZIMMERMAN RESOURCES 712 MAIN STE 2800 HOUSTON TX 77002

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CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing ORDER APPROVING MOTION FOR DEVIATION FROM PROCEDURAL RULES and NOTICE OF HEARING to be mailed by certified mail, postage prepaid, on the 5th day of January 1995, to the following:

ATTN: MARILYN J MEEHAN UNION PACIFIC RESOURCES CO PO BOX 7 MS 3006 FORT WORTH TX 76101-0007 Findings of Fact and Conclusions of Law and Order for Docket No 94-033, Cause No. 167-5

Hand Delivered to:

JOHN S KIRKHAM ESQ STOEL RIVES BOLEY JONES & GREY ATTORNEYS FOR PETITIONER UNION PACIFIC RESOURCES CO ONE UTAH CENTER SUITE 1100 201 SOUTH MAIN STREET SALT LAKE CITY UT 84111-4904

Mailed first-class, postage prepaid on January 6, 1995, to the following:

JERRY D ARMSTRONG 475 17TH STREET #1300 DENVER CO 80202

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1099 18TH STREET #1600
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JAMES D BROWNLIE 718 17TH STREET #808 DENVER CO 80202

MARGARET A BROWNLIE 2575 BEAR CANYON ROAD BOSEMAN MT 59715

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

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IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF UNION

ORDER APPROVING MOTION FOR DEVIATION FROM PROCEDURAL RULES

PACIFIC RESOURCES COMPANY,

FOR A 640-ACRE SINGLE SECTION
DRILLING LINIT (HORIZONTAL) FOR

DRILLING UNIT (HORIZONTAL) FOR: THE TWIN CREEK FORMATION

LOCATED IN SECTION 24, TOWNSHIP:

2 NORTH, RANGE 6 EAST, S.L.B.&M., SUMMIT COUNTY, UTAH

DOCKET NO. 94-033 CAUSE NO. 167-5

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The Board of Oil, Gas and Mining (the "Board") having received Petitioner Union Pacific Resources Company's MOTION FOR DEVIATION FROM PROCEDURAL RULES, and having reviewed the contents thereof, and for good cause contained therein;

IT IS NOW, HEREBY ORDERED that Petitioner's MOTION FOR DEVIATION FROM PROCEDURAL RULES is approved setting the above-captioned matter for hearing at the Board's regularly scheduled meeting on December 7, 1994.

DATED this 15th day of November 1994.

Dave D. Lauriski Chairman of the Board

Son Kavish

CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing ORDER APPROVING MOTION FOR DEVIATION FROM PROCEDURAL RULES and NOTICE OF HEARING to be mailed by certified mail, postage prepaid, on the 16th day of November 1994, to the following:

JOHN S KIRKHAM ESQ STOEL RIVES BOLEY JONES & GREY ATTORNEYS FOR PETITIONER UNION PACIFIC RESOURCES CO ONE UTAH CENTER SUITE 1100 201 SOUTH MAIN STREET SALT LAKE CITY UT 84111-4904 ATTN: MARILYN J MEEHAN UNION PACIFIC RESOURCES CO PO BOX 7 MS 3006 FORT WORTH TX 76101-0007

Mailed First-Class, Postage Prepaid to:

JERRY D ARMSTRONG 475 17TH STREET #1300 DENVER CO 80202

WILLIAM DEAN ARMSTRONG 518 17TH STREET #1650 DENVER CO 80202

BASS ENTERPRISES PRODUCTION CO 201 MAIN STREET FORT WORTH TX 76102

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JAMES L HARDEN (NO ADDRESS AVAILABLE)

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LYLE J MOORE LENORA L MOORE PO BOX 998 CASTLE ROCK CO 80104

HYRUM J NEWTON & SONS SHEEP COMPANY A UTAH CORPORATION 3744 SOUTH 6400 WEST SALT LAKE CITY UT 84120

NORTH CENTRAL OIL CORPORATION 6001 SAVOY DRIVE SUITE 600 HOUSTON TX 77036-3381

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JAMES E CATLIN
518 17TH STREET #1125
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SILVERADO ROYALTY PO BOX 3004 LITTLETON CO 80121

SUMMIT ROYALTY LTD 1802 WILDWOOD DRIVE STILLWATER OK 74075

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JOHN WALLACE 875 SOUTH DOWNING DENVER CO 80209

MARK WALLACE 1974 S DOWNING STREET DENVER CO 80210

THOMAS WALLACE 1265 S HIGH STREET DENVER CO 80210

WOLVERINE EXPLORATION CO 777 MAIN ST SUITE 1490 FORT WORTH TX 76102

ROBERT E ZIMMERMAN JR PO BOX 8753 DENVER CO 80201

Janean Burs

SUPPLEMENTAL CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing ORDER APPROVING MOTION FOR DEVIATION FROM PROCEDURAL RULES and NOTICE OF HEARING for Docket No. 94-033, Cause No. 167-5 to be mailed by first-class, postage prepaid, on the 23rd day of November 1994, to the following:

BOW VALLEY PETROLEUM INC

(bad address)

GERALD HAGERMAN

(bad address)

LLOYD CHEMICAL SALES INC PO DRAWER 2700 MIDLAND TX 79702-2700 (new address)

NEWTON SHEEP CO.
A LIMITED PARTNERSHIP
C/O SCOTT F NEWTON
3668 SOUTH 6580 WEST
WEST VALLEY CITY UT 84120

(new name and address)

L CLARK KISER

(additional name added)

(NO ADDRESS AVAILABLE)

ROCKY MOUNTAIN OILFINDERS INC (bad address)

THE ESTATE OF JACK B RYAN

(bad address)

SILVERADO OIL INC 1220 11TH AVENUE STE 201

GREELEY CO 80631

(new name and address)

SID TOMLINSON

(bad address)

MARK WALLACE

(bad address)

ZIMMERMAN RESOURCES 712 MAIN STE 2800 HOUSTON TX 77002 (new name and address)

-ancan During