

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

IN THE MATTER OF THE REQUEST )  
FOR AGENCY ACTION OF UNION )  
PACIFIC RESOURCES COMPANY, )  
FOR AN EXCEPTION TO THE )  
SPACING ORDER AND WELL )  
LOCATION ESTABLISHED IN )  
CAUSE NO. 167-2 AND )  
FOR A 640-ACRE SINGLE )  
SECTION DRILLING AND )  
SPACING UNIT (HORIZONTAL) )  
FOR THE TWIN CREEK FORMATION )  
LOCATED IN SECTION 26, )  
TOWNSHIP 2 NORTH, RANGE 6 EAST, )  
S.L.B. & M., SUMMIT COUNTY, UTAH. )

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*4/19/96*

FINDINGS OF FACT AND  
CONCLUSIONS OF LAW  
AND ORDER

Docket No. 96-002

Cause No. 167-6

Pursuant to the Request for Agency Action of Union Pacific Resources Company ("Petitioner"), this cause came before a hearing examiner appointed by the Board of Oil, Gas and Mining ("Board"), Department of Natural Resources, on March 26, 1996, commencing at the hour of 1:30 p.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 evidentiary hearing:

Kent Stringham, Hearing Examiner  
Raymond Murray

The Board was represented by Thomas A. Mitchell, Esq., Assistant Attorney General for the State of Utah.

R. J. Firth, Associate Director, F. R. Matthews, Petroleum Engineer, and B. G. Hill, Petroleum Geologist were present and participated in the hearing.

John S. Kirkham, Esq. of Stoel Rives LLP represented the Petitioner, and appearing as witnesses for the Petitioner were C. W. Cook, Senior Staff Geologist, J. R. Dunleavy, Senior Staff Engineer, and Charles R. Traxler, Land Advisor.

The hearing examiner reported to the full Board on the proceedings of the hearing at its regularly scheduled meeting on March 27, 1996, commencing at the hour of 10:00 a.m. in the above-referenced boardroom of the Division.

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 March 26, 1996 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 factual representations in Petitioner's Request for Agency Action are substantially true and correct.

4. Petitioner is the owner of record of fee lands' leases covering 640 acres located in Section 26, Township 2 North, Range 6 East, S.L.B. & M. in the Twin Creek Formation in Summit County, Utah ("subject land").

5. 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 26.

7. Petitioner's requested exception to well location as set forth by Cause No. 167-2-2, issued by the Board on February 1, 1979, which provides for 160-acre spacing of the Twin Creek Formation for conventional vertical wells and a well location in the SE $\frac{1}{4}$  of each quarter section, including subject Section 26, warrants an order from the Board.

8. Apart from the surface location exception requested by Petitioner and the 640-acre spacing for wells having one or more horizontal laterals, authorization of Petitioner's Request would maintain the 160-acre spacing for vertical well drilling and spacing units established in Cause No. 167-2.

9. Petitioner's proposed well, UPRC 26-IH, to be placed with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 26, and Petitioner's proposed establishment of a 640-acre drilling and spacing unit for horizontal spacing purposes is consistent with other horizontal wells

operated by Petitioner within the Twin Creek Formation, and assuming that the existing wells and the proposed well are found within the same pool, the drilling units for wells having horizontal laterals for the pool will be of uniform size and shape.

10. The UPRC 26-IH surface location will be situated 585 feet from the northern boundary of Section 26, and 731 feet from the eastern boundary of the section. The bottom hole location will be no closer than 660 feet from the western boundary of the section and no closer than 1600 feet from the southern boundary of the section.

11. Section 26 contains one producing vertical well, the UPRC Blonquist 26-3, and the horizontal leg of proposed UPRC 26-14 will approach no closer than 1,320 feet from the UPRC Blonquist 26-3.

12. 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.

13. Due to the configuration of the Twin Creek Formation underlying the subject land, the proposed 640-acre horizontal single section spacing unit will contribute to greater production from the producible zone underlying the subject land, and will secure the maximum ultimate recovery.

14. The vote of the Board to approve the Petition as submitted was unanimous.

### CONCLUSIONS OF LAW

1. Section 26 overlays a common source of supply of oil and gas in the Twin Creek Formation.
2. The maximum area of a 640-acre single section drilling unit for production of oil and gas from the Twin Creek Formation is 640 acres.
3. The authorization of an exception to the well location and 160-acre spacing as set forth in Cause No. 167-2, and 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 26 designated by Petitioner will consist of a single vertical component and one or more drilled laterals which shall be located no closer than approximately 585 feet from the northern boundary, and 731 feet from the eastern boundary of the Section, and the bottom hole location of the horizontal lateral will approach no closer than 660 feet of any section line, and will not extend beyond the exterior limits of the pool found in the Twin Creek Formation underlying the subject land.

### ORDER

Based upon the Findings of Fact and Conclusions of Law set forth above, the Board hereby **ORDERS** that an exception to the well location and 160-acre spacing as set forth in Cause No. 167-2 is authorized, and that a 640-acre single section drilling unit (horizontal) for the Twin Creek Formation underlying the subject land is hereby established.

The well designated by Petitioner will be authorized at a surface location approximately 585 feet from the northern boundary and 731 feet from the eastern boundary of Section 26 within the subject land. The subject well will be authorized to consist of a single vertical component and one or more horizontal drilled laterals which shall approach 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 the subject land.

Apart from the surface location exception and 640-acre spacing for wells having one or more horizontal laterals, the 160-acre spacing for vertical well drilling and spacing units is maintained as established in Cause No. 167-2.

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 15<sup>th</sup> day of April, 1996.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING



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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. 96-002, Cause No. 167-6 to be mailed by certified mail, postage prepaid, this 19 day of April, 1996, to the following:

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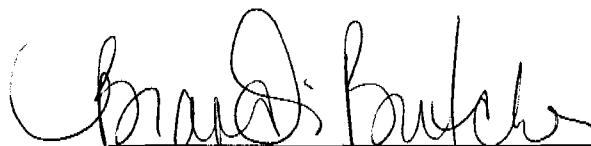
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