

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)	FINDINGS OF FACT AND
PACIFIC RESOURCES, FOR AN)	CONCLUSIONS OF LAW
EXCEPTION TO THE SPACING ORDER)	AND ORDER
AND WELL LOCATION ESTABLISHED)	
IN CAUSE NO. 160-6 & 160-18 AND)	
FOR A 640-ACRE SINGLE SECTION)	Docket No. 96-010
DRILLING AND SPACING UNIT)	
(HORIZONTAL) FOR THE TWIN)	Cause No. 167-7
CREEK FORMATION LOCATED IN)	
SECTION 2, TOWNSHIP 2 NORTH,)	
RANGE 7 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 October 23, 1996, commencing at the hour of 10:00 a.m. in the Washington County Administration Building, Commission Chambers, 197 East Tabernacle, St. George, Utah.

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

Dave D. Lauriski, Chairman
Raymond Murray
Jay L. Christensen
Kent G. Stringham
Judy F. Lever
Thomas B. Faddies
Elise L. Erler

The Board was represented by Patrick O'Hara, Esq., Assistant Attorney General for the State of Utah.

James W. Carter, Director; Frank R. Matthews, Petroleum Engineer; and Brad G. Hill, Petroleum Geologist participated in the hearing for the Division. 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 LLP represented the Petitioner, and appearing as witnesses for the Petitioner were Charles W. Farmer, Manager of Oil & Gas Commission Affairs; Lance Cook, Geologist; and Rob Dunleavy, 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 October 23, 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. § 40-6-5 (1996) 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. Petitioner is a corporation duly authorized to transact business in the State of Utah.

4. The factual representations contained in Petitioner's Request For Agency Action are substantially true and correct.

5. The land formation covered by this Order is located in Section 2, Township 2 North, Range 7 East, S.L.B.&M., in the Twin Creek Formation in Summit County, Utah ("Section 2").

6. The Petitioner is a working interest owner of record and the operator under fee land leases covering 640 acres within Section 2.

7. Due to the continuity of the Twin Creek Formation underlying Section 2, 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.

8. Petitioner's proposed well will employ new horizontal drilling 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 2.

9. 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.

10. 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.

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

CONCLUSIONS OF LAW

1. Section 2 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 horizontally drilled 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 2 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.

5. Should faulting be encountered, it may be necessary to utilize an additional surface well location in order to efficiently and economically drain the 640-acre area and ensure maximum ultimate recovery.

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 and Spacing Unit (horizontal) for the Twin Creek Formation underlying the subject land is hereby established and an exception to the well location and 80-acre spacing as set forth in Cause No. 160-6 & 160-18 is authorized.

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 no closer than 660 feet from any section line and no closer than 1,500 feet from the Bingham 2-2 at the well bore's location in the Twin Creek Formation. A second surface well location, under the same conditions applicable to Petitioner's well set forth above, is authorized in the event faulting is encountered by the initial well as set forth above.

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 13 day of November, 1996.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Dave D. Lauriski, Chairman

CERTIFICATE OF SERVICE

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. 96-010, Cause No. 167-7 to be mailed by certified mail, postage prepaid, on this 14th day of November, 1996, to the following:

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