

CAUSE NO. 173-10 / DOCKET NO. 95-0913

IN THE MATTER OF THE REQUEST FOR
AGENCY ACTION OF CONOCO INC. FOR AN
AMENDMENT TO THE SPACING ORDERS IN
CAUSE NOS. 173-1 AND 173-2 TO PERMIT
A SECOND WELL TO BE DRILLED IN THE
SOUTHEAST QUARTERS OF SECTION 34
AND 35, TOWNSHIP 8 SOUTH, RANGE 21
EAST, SLM, UINTAH COUNTY, UTAH

ORDERS

<u>ORDER #</u>	<u>DATE SIGNED</u>	<u>DESCRIPTION</u>
#1	5/16/95	ORDER WAIVING MAY 10, 1995 FILING REQUIREMENT
#2	7/7/95	FINDINGS OF FACT AND ORDER

August 10, 1995

**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 CONOCO INC. FOR) AN AMENDMENT TO THE SPACING) ORDERS IN CAUSE NOS. 173-1 AND 173-2) TO PERMIT A SECOND WELL TO BE) DRILLED IN THE SOUTHEAST QUARTERS) OF SECTIONS 34 AND 35, TOWNSHIP 8) SOUTH, RANGE 21 EAST, SLM, UINTAH) COUNTY, UTAH)	FINDINGS OF FACT AND ORDER Docket No. 95-013 Cause No. 173-10
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Pursuant to the Petition of Conoco Inc. (the "Petitioner") this Cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, June 28, at the hour of 10:10 a.m. The following Board members were present and participated at the hearing:

Thomas B. Faddies, Acting Chairman
Judy F. Lever
Kent G. Stringham
Jay L. Christensen
Raymond Murray

Attending and participating on behalf of the Division of Oil, Gas and Mining (the "Division") were James W. Carter, Director; R.J. Firth, Associate Director — Oil and Gas; Frank Matthews, Petroleum Engineer; and Brad Hall, Petroleum Geologist. The Board and Division were represented by Thomas A. Mitchell, Assistant Attorney General.

The United States Bureau of Land Management ("BLM"), was represented by Robert Hendericks, Chief—Branch of Fluid Minerals, Utah State Office; Jimmy Raffoul,

Petroleum Engineer, Utah State Office; and Edwin Forsman, Petroleum Engineer, Vernal District Office.

The Ute Indian Tribe was represented by Feron Secakuku, Chief—Minerals Division, Fort Duchesne, Utah, and the Bureau of Indian Affairs ("BIA") was represented by Diane Mitchell, Oil and Gas Realty Office, Fort Duchesne, Utah.

Testifying on behalf of Petitioner was Robert W. Hardin, Senior Land Advisor; Bret J. Fossum, Geologist; and David Harwell, Petroleum Engineer. The Petitioner was represented by Thomas W. Bachtell of Pruitt, Gushee & Bachtell.

The Division, BLM, Ute Indian Tribe and BIA made statements in support of the Petition. No statements were made in opposition to the Petition and no other parties appeared or participated at the hearing.

The Board having considered the testimony presented and the exhibits received at the hearing, being fully advised, and for good cause appearing, hereby makes the following findings of fact and order.

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and manner as required by law and the rules of the Board.

2. The Board has jurisdiction over the matters covered by said Petition, over all interested parties therein, and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. Pursuant to the Orders in Cause No. 173-1 dated February 22, 1978 and Cause No. 173-2 dated April 25, 1979, this Board previously established 320 acre laydown drilling and spacing units for the production of gas and associated hydrocarbons from the Wasatch-Mesa Verde formation for the S $\frac{1}{2}$ of Section 34 and the S $\frac{1}{2}$ of Section 35, both located in Township 8 South, Range 21 East, SLM, Uintah County, Utah, among other lands.

4. Petitioner has drilled, completed, and now operates the Mountain Lion #34-2 well located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of the subject Section 34, and the Ute Tribal #35-19 located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of the subject Section 35. Both of these wells currently produce natural gas and associated hydrocarbons from the Wasatch-Mesa Verde formation.

5. The Wasatch-Mesa Verde formation underlying the S $\frac{1}{2}$ of the subject Sections 34 and 35 consists of lenticular, disconnected sands, and the existing Mountain Lion #34-2 and Ute Tribal #35-19 wells are not be capable of recovering all of the gas and related hydrocarbons possible from the formation within the SE $\frac{1}{4}$ of the subject Sections.

6. There is a potential for increased well density in the Ouray Field, in that infill wells can produce from the Wasatch-Mesa Verde formation on 80 acre well spacing, which will achieve a greater ultimate recovery of natural gas and related hydrocarbons.

7. Two optional test wells to the Wasatch-Mesa Verde formation, one to be located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of the subject Section 34 and the other to be located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of the subject Section 35, is justified to begin the process of properly evaluating the appropriate well density for the Ouray Field.

8. The subject lands are within approved 320 acre communitization agreements comprising the S½ of Sections 34 and 35, respectively, which agreements will continue to remain in effect. All parties entitled to share in production from the existing wells under the communitization agreements will be entitled to share in production from the optional test wells in the same manner.

9. The drilling of the second optional test wells in the SE¼ of the subject Sections 34 and 35 will assist in determining the orderly development of the Ouray Field, prevent waste and adequately protect the correlative rights of all affected parties, and is just and reasonable under the circumstances.

10. The Board favors the practice of drilling additional wells if the practice does not adversely impact production from existing wells. The affects of the optional test wells upon the existing wells in the SE¼ of the subject Sections 34 and 35 should be monitored and properly evaluated.

ORDER

After considering all testimony and evidence presented at the hearing, the comments received from the staff of the Division, and representatives of the BLM, the Ute Indian Tribe and the BIA, the Board enters the following order:

1. The Board's Orders in Cause No. 173-1 dated February 22, 1978 and Cause No. 173-2 dated April 25, 1979, are hereby amended to permit two optional test wells to be drilled on 80 acre well spacing for the production of natural gas, including all associated hydrocarbons, from the Wasatch-Mesa Verde formation.

2. The optional test wells shall be located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Sections 34 and 35, at a legal location of 660 feet from the south line, and 1980 feet from the east line of each Section, or such other location within said lands as may be granted administratively by the Division pursuant to Utah Administrative Code § R649-3-3.

3. The option to drill the test wells shall be based upon the operators' evaluation of economic and reservoir conditions.

4. Petitioner is ordered to monitor production from the existing wells in the SE $\frac{1}{4}$ of the subject Sections 34 and 35 for possible drainage as a result of producing the test wells, and to submit duplicate reports for each spacing unit to the Division and the Vernal District Office, BLM, of reservoir data and evidence, if any, of communication between the respective test well and the existing well in the Wasatch-Mesa Verde formation. The reports shall be submitted quarterly on a calendar year basis, beginning with the calendar quarter in which production is first achieved for each well.

5. The Board retains continuing jurisdiction over all the parties and over the subject matter of this Cause.

ISSUED AND SIGNED this 7 day of July, 1995.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

By: 

Thomas B. Faddies
Acting Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT AND ORDER in Docket No. 95-013, Cause No. 173-10 to be mailed by certified mail, postage prepaid, on this 3rd day of ^{August}~~July~~, 1995, to the following:

Thomas W. Bachtell
PRUITT, GUSHEE & BACHTELL
1850 Beneficial Life Tower
Salt Lake City, Utah 84111

Robert W. Hardin, Senior Land Advisor
CONOCO INC.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500

Mailed by first class mail, postage prepaid, to the following:

Ed Forsman
Bureau of Land Management
Vernal District Office
170 South 500 East
Vernal, Utah 84078

Feron Secakuku, Mineral Director
Ute Indian Tribe
P.O. Box 190
Fort Duchesne, Utah 84026

Diane Mitchell
Bureau of Indian Affairs
Uintah and Ouray Agency
P.O. Box 130
Fort Duchesne, Utah 84026

Ute Distribution Corporation
Box 696
Roosevelt, Utah 84066

Robert Hendericks
Bureau of Land Management
Utah State Office
324 South State Street, Suite 400
Salt Lake City, Utah 84111

Janean Burns

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DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE REQUEST FOR
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ORDER

Docket No. 95-013

Cause No. 173-10

IT IS HEREBY ORDERED that, pursuant to the Motion of Petitioner and for good cause shown, the May 10th filing requirement is waived and Petitioner's Request for Agency Action will be heard at the June 28, 1995 scheduled meeting of the Board.

DATED this 16th day of May, 1995.

**STATE OF UTAH
Board of Oil, Gas and Mining**



David D. Lauriski, Chairman

CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing ORDER granting Petitioner's Motion for Exception to Filing Requirement for Docket No. 95-013, Cause No. 173-10 to be mailed by certified mail, postage prepaid, on the 17 day of May, 1995, to the following:

Thomas W. Bachtell, Esq.
Pruitt, Gushee & Bachtell
1850 Beneficial Life Tower
Salt Lake City, Utah 84111

Conoco, Inc. ✓
Attn: Paul Schulz
10 Desta Drive, Suite 100 West
Midland, Texas 79705

Mailed first-class, postage prepaid to:

Bureau of Land Management
Vernal District Office
Attn: Ed Forsman
170 South 500 East
Vernal, Utah 84078

Bureau of Indian Affairs
Uintah and Ouray Agency
P.O. Box 130
Fort Duchesne, Utah 84026

Bureau of Land Management
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Attn: Robert Henricks
324 S. State Street, Suite 400
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