

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

IN THE MATTER OF THE APPLICATION)
OF DAVIS OIL COMPANY FOR AN ORDER)
ESTABLISHING DRILLING UNITS FOR)
CERTAIN LANDS IN SAN JUAN COUNTY,)
UTAH)

CAUSE NO. 185-1

O R D E R

Pursuant to the Application of Davis Oil Company, this cause came on for hearing before the Board of Oil, Gas and Mining, Department of Natural Resources of the State of Utah, at 10:00 a.m. on Wednesday, October 24, 1979, in the Wildlife Resources Auditorium, 1596 West North Temple, Salt Lake City, Utah. The following Board members were present:

Charles R. Henderson, Chairman Presiding

John L. Bell

C. Ray Juvelin

Constance K. Lundburg

Edward T. Beck

E. Steele McIntyre

Appearances were made as follows:

For the Applicant:

Dale A. Kimball, Esq.
Salt Lake City, Utah

For William C. Kirkwood:

Steven C. Kirkwood
Stanley H. Spalding

NOW, THEREFORE, the Board, having considered the testimony adduced and the exhibits received at 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 matters covered by said Application and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Ismay Member of the Honaker Trail Formation, which is Desmoinesian in age and is defined as being between 5,571 to 5,744 feet in the Nathan-Fee Well No. 1 located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 16, Township 40 South, Range 22 East of the Salt Lake Meridian in San Juan County, Utah, is an underground reservoir containing oil, gas, and associated hydrocarbons in a pool and constituting a common source of supply from which such substances may be produced.

4. Such common source of supply underlies the following-described lands situate in San Juan County, Utah:

Township 40 South, Range 22 East, S.L.M.

Sec. 8:	SE $\frac{1}{4}$
Sec. 9:	S $\frac{1}{2}$
Sec. 10:	SW $\frac{1}{4}$
Sec. 15:	NW $\frac{1}{4}$ and W $\frac{1}{2}$ SW $\frac{1}{4}$
Sec. 16:	All
Sec. 17:	N $\frac{1}{2}$ NE $\frac{1}{4}$

5. To prevent waste of oil, gas and associated hydrocarbons, to avoid the drilling of unnecessary wells, and to protect correlative rights, drilling units of substantially uniform size and shape should be established for such common source of supply.

6. Each 80-acre portion of the lands described in paragraph 4, above, is not smaller nor greater than the maximum area that can be efficiently and economically drained by one well and should be designated as a drilling unit for such common source of supply.

7. The permitted well for each such drilling unit should be located in the center of the NW $\frac{1}{4}$ of the quarter section and in the center of the SE $\frac{1}{4}$ of the quarter section, with a tolerance of 200 feet in any direction and the 80-acre drilling units should be vertical (or stand-up) with the exception of the units in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 17, the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 10, and the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 10, all in Township 40 South, Range 22 East, San Juan County, Utah, which last three named 80-acre drilling units should be horizontal (or lay-down).

ORDER

IT IS THEREFORE ORDERED:

1. That drilling units are hereby established for the production of oil, gas and associated hydrocarbons from the Ismay Member of the Honaker Trail Formation underlying the following-described lands situate in San Juan County, State of Utah:

Township 40 South, Range 22 East, S.L.M.

Sec. 8:	SE $\frac{1}{4}$
Sec. 9:	S $\frac{1}{2}$
Sec. 10:	SW $\frac{1}{4}$
Sec. 15:	NW $\frac{1}{4}$ and W $\frac{1}{2}$ SW $\frac{1}{4}$
Sec. 16:	All
Sec. 17:	N $\frac{1}{2}$ NE $\frac{1}{4}$

2. That 80-acre drilling units shall be and hereby are constituted in the Ismay Member of the Honaker Trail Formation with respect to the lands described in paragraph 1, above.

3. That no more than one (1) well shall be drilled on any such 80-acre drilling unit for the production of oil, gas, or associated hydrocarbons from the Ismay Member of the Honaker Trail Formation.

4. That the permitted well for each 80-acre drilling unit shall be located in the center of the NW $\frac{1}{4}$ of the quarter section and in the center of the SE $\frac{1}{4}$ of the quarter section, with a tolerance of 200 feet in any direction, and provided further that all the 80-acre drilling units be vertical (or stand-up) with the exception of the units in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 17, the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 10, and the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 10, all in Township 40 South, Range 22 East, San Juan County, Utah, which last three named 80-acre drilling units be horizontal (or lay-down).

IT IS FURTHER ORDERED:

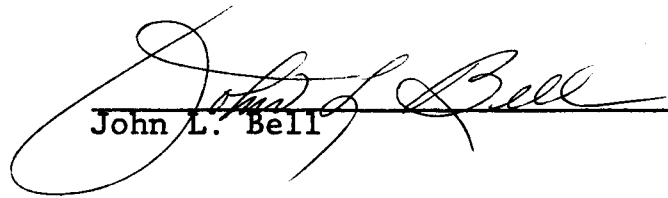
A. That the Board, on its own motion at any time, may call a hearing to hear any new evidence as to the matters set forth herein.

B. That the Board retains continuing jurisdiction of all matters covered by this Order and particularly retains continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

ENTERED this _____ day of October, 1979.

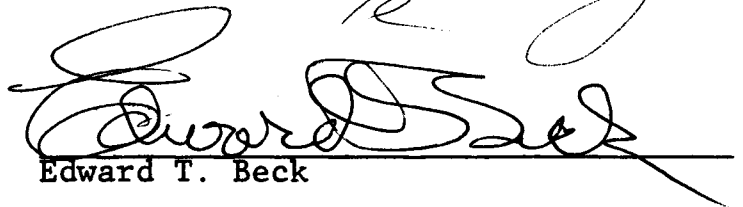
BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL
RESOURCES, STATE OF UTAH


Charles R. Henderson, Chairman


John L. Bell

C. Ray Juvelin


Constance K. Lundburg


Edward T. Beck


E. Steele McIntyre

PROPOSED 80 ACRE SPACED AREA
ISMAY FORMATION
SAN JUAN COUNTY, UTAH

Area:

T40S-R22E

Sec. 8 - SE/4; Sec. 9 - S/2; Sec. 10 - SW/4; Sec. 15 - NE/4, W/2 SW/4;
Sec. 16 - all; Sec. 17 - N/2 NE/4

Working Interest Owners

1. William C. Kirkwood
Suite 300
Market Square Building
P.O. Box 3439
Casper, Wy. 82602
2. Walter Duncan Oil Properties
1300 Writer's Center IV
1720 So. Bellaire Street
Denver, Co. 80222
3. William A. Stevenson
P.O. Box 375
Salt Lake City, Ut 84110
4. ENI Exploration Company
1417 116th Avenue, N.E.
Bellevue, Wa. 98009
5. Sinclair Oil Corp.
730 Denver Club Bldg.
Denver, Co. 80202
6. Merrion and Bayless
205 Petroleum Center
P.O. Box 1541
Farmington, NM 87401
7. Davis Oil Company
410-17th Street Building
Denver, Co. 80202
8. Getty Oil Co.
3 Park Central, Suite 700
1515 Arapahoe
Denver, Co. 80202
9. Joan Chorney
Chorney Oil Company
401 Lincoln Tower Bldg.
Denver, Co. 80295
10. Anderson Oil Co.
3 Park Central, Suite 1060
1515 Arapahoe
Denver, Co. 80202

11. Mountain Fuel Supply Co.
180 E. First South
P.O. Box 11368
Salt Lake City, Ut. 84139

12. 3-E Company
1210 Hutton Road
P.O. Box 190
Farmington, New Mexico 87401

ADDRESSES OF ROYALTY OWNERS

Woods Petroleum Company	3555 N.W. 58th St., Suite 500 Oklahoma City, Ok. 73112
William Stevenson	P.O. Box 375 Salt Lake City, Ut. 84111
H.S.H. Royalty Corporation	2770 Kimberly Ann Arbor, Mi. 48104 Attn: Dr. Fred Haddock
C.P. Bondurant	2727 N.W. 59th Street Oklahoma City, Ok. 73112
Paul Catterson	P.O. Box 720 Evergreen, Co. 80439
Joe Lyon, Jr.	600 East Capitol St. Salt Lake City, Ut. 84103
Bertha Lyon	P.O. Box 1497 Carson City, Nv.
Ward Merrick and Elizabeth Coe	P.O. Box 998 Ardmore, Ok. 73401
Arthur Lyon	7277 Cascade Drive Boise, Id 83704
Barton Lyman	P.O. Box 675 Blanding, Ut 84511
Parker Mining and Development Co.	Rt. 2, Box 27C Purcellville, Va. 22132
Ruth Hillyard	777 Clermont Street Denver, Co. 80220
Arthur Wood	2395 Tampa Way Reno, NV 89512
H. W. Chandler	1433 Kensington Ave. Salt Lake City, Ut. 84105
Paul P. Robley	74 East First South Provo, Ut. 84601
Georgia Fay Anderson	322 South Main Aztec, NM 87410
Charles W. Yetter	630 Hillcrest Blvd. Millbrae, Ca. 94030

Royalty Owners (cont'd.)

Lyman DeReese Nielson

Box 318
Blanding, Ut. 84511

McCaughey Oil Corp.

P.O. Box 6027
Tyler, Tx. 75711

William C. Reeder

Room 211, 9437 Santa Monica Blvd.
Beverly Hills, Ca. 90210

J. Lewis Ford

115 Mesa Vista Road
Grand Junction, Co. 80501

Eugene Risch

2297 E. 24th Place
Yuma, Az. 85364

U.S. Petroleum, Inc.

Box 306
Stillwater, Ok.

Margaret de Ojeda

P.O. Box 464
Pleasanton, Ca. 94566

Helen Fehr

607 Spring Hill Drive
Murray, Ut. 84107

George Fehr

53 East Fourth So.
Suite 216
Salt Lake City, Ut. 84111

Boston W. Smith

204 N. Robinson
Oklahoma City, Ok. 73102

Martin Pierce, Conservator of
the Estate of John A. Pierce

Box 1140
Farmington, N.M. 87401

Stanley McFarland et al

2221 Idella Court
Grand Junction, Co. 80501

M. O. Henry
William P. Bleakley, Trustee

829 N.W. 40th
Oklahoma City, Ok. 73118