

BEFORE THE BOARD OF OIL, GAS, AND MINING
DEPARTMENT OF NATURAL RESOURCES
in and for the STATE OF UTAH

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| IN THE MATTER OF THE APPLI-) | |
| CATION OF WEXPRO COMPANY FOR) | |
| AN ORDER ESTABLISHING 160-ACRE) ORDER | |
| DRILLING AND SPACING UNITS FOR) | |
| LANDS IN THE BUG FIELD, SAN) CAUSE NO. 186-1 | |
| JUAN COUNTY, UTAH) | |

PURSUANT TO THE APPLICATION OF WEXPRO COMPANY, THIS CAUSE CAME FOR CONSIDERATION AND DETERMINATION BY THE BOARD OF OIL, GAS, AND MINING, DEPARTMENT OF NATURAL RESOURCES, IN AND FOR THE STATE OF UTAH, PURSUANT TO THE BOARD'S GENERAL RULES AND REGULATIONS AND RULES OF PRACTICE AND PROCEDURE, FOR ESTABLISHING 160-ACRE DRILLING AND SPACING UNITS CONSISTING OF GOVERNMENTAL ONE-QUARTER SECTIONS FOR THE DESERT CREEK FORMATION FOR THE PRODUCTION OF CRUDE OIL AND ASSOCIATED NATURAL GAS IN THE BUG FIELD, SAN JUAN COUNTY, UTAH, ON FEBRUARY 27, 1980, IN THE DIVISION OF WILDLIFE RESOURCES AUDITORIUM, 1596 WEST NORTH TEMPLE, SALT LAKE CITY, UTAH.

The following staff members were present for this determination:

Denise A. Dragoo, Special Assistant Attorney
General
Ron Daniels, Coordinator, Mined Land Develop
ment
Tom Suchoski, Reclamation Hydrologist
Mike Minder, Petroleum Engineer
Cleon B. Feight, Director, Division of Oil,
Gas, and Mining

Appearance for Wexpro Company was by Ruland J. Gill, Jr. Attorney, with Robert E. Pittam, Connie M. Krivanek, and James Baird as witnesses.

The Board proceeded to swear the witnesses appearing on behalf of the Applicant, and thereafter heard the sworn testimony of said witnesses and considered the documentary evidence offered at the hearing. As a result of said hearing, the Board makes the following findings of fact, conclusions of law, and order:

FINDINGS OF FACT

1. Due and regular notice of the date, 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. That no protest to the application has been made prior to or on the date scheduled for the hearing of this matter.

3. That Wexpro Company is the owner of certain working interests and operating rights in and to various oil and gas leases covering certain portions of the Bug Field, San Juan County, Utah, to wit:

Township 36 South, Range 25 East, S.L.M.
Section 1: Lots 1,2, S $\frac{1}{2}$ SE $\frac{1}{4}$
Section 12: E $\frac{1}{2}$

Township 36 South, Range 26 East, S.L.M.
Section 7: All
Section 8: S $\frac{1}{2}$
Section 15: SW $\frac{1}{4}$
Section 16: S $\frac{1}{2}$,NW $\frac{1}{4}$
Section 17: All
Section 18: N $\frac{1}{2}$, SE $\frac{1}{4}$

4. A well has been drilled to the Desert Creek formation on certain lands within the above-described area, and said well is productive of hydrocarbons from the Desert Creek formation.

5. The Desert Creek formation underlies all or substantially all of the above-described lands, and said formation is a pool under the statutes of the State of Utah and constitutes a common source of supply of crude oil and associated natural gas.

6. One (1) well producing crude oil and associated natural gas from the Desert Creek formation will drain all of the recoverable crude oil and associated natural gas from said formation underlying One Hundred Sixty (160) surface acres, and One Hundred Sixty (160) surface acres is

not smaller nor larger than the maximum area that can be efficiently and economically drained by one (1) well.

7. The establishment of a One Hundred Sixty (160) acre drilling and spacing unit for the Desert Creek formation underlying the above-described lands will permit orderly and uniform well spacing and development within the field, will protect correlative rights and will prevent waste and avoid the drilling of unnecessary wells.

8. The permitted well locations should be at or near the center of the northeast 40-acre subdivision of each 160-acre governmental subdivision, which shall be construed as meaning within a 400' square window located in the center of such designated quarter-quarter section, and that the Wexpro Bug No. 1 well, located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, Township 36 South, Range 25 East, will be an exception location.

9. That a provision should also be made for granting administrative approval by the Director, Division of Oil, Gas and Mining, for exception well locations due to topography within the spaced area without necessity for a full hearing before the Board of Oil, Gas and Mining.

10. That Section 1 of Township 36 South, Range 25 East, is an irregular section, and Lots 1 and 2 and the S $\frac{1}{2}$ SE $\frac{1}{4}$ thereof, totalling 121.43 acres, should be considered as one drilling unit, with the permitted well location for this spacing unit to be in the center of Lot 1.

CONCLUSIONS OF LAW

1. Due and legally sufficient notice of time, place, and purpose of this hearing has been afforded to all interested parties and in all respects as required by law.

2. The Board has jurisdiction over the matter embraced herein and over all parties interested, and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. In order to provide for the orderly and uniform development of the Desert Creek formation underlying the above-described lands and to prevent waste and to avoid the drilling of unnecessary wells, to protect correlative rights, and for the greatest possible economic recovery of oil, gas, and associated hydrocarbons from the spaced interval as herein defined, an Order should be issued establishing One Hundred Sixty (160) acre drilling and spacing units.

ORDER

IT IS THEREFORE HEREBY ORDERED, that One Hundred Sixty (160) acre drilling and spacing units for crude oil and associated natural gas be established for the Desert Creek formation underlying the following described lands in the Bug Field, San Juan County, Utah, to wit:

Township 36 South, Range 25 East, S.L.M.

Section 1: Lots 1,2, S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 12: E $\frac{1}{2}$

Township 36 South, Range 26 East, S.L.M.

Section 7: All

Section 8: S $\frac{1}{2}$

Section 15: SW $\frac{1}{4}$

Section 16: S $\frac{1}{2}$, NW $\frac{1}{4}$

Section 17: All

Section 18: N $\frac{1}{2}$, SE $\frac{1}{4}$

IT IS FURTHER ORDERED, that Lots 1 and 2 of the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 of Township 36 South, Range 25 East, totalling 121.43 acres, shall be a drilling and spacing unit and that the permitted well location should be in the center of Lot 1.

IT IS FURTHER ORDERED, that the permitted well location for each drilling unit shall be at or near the center of the Northeast 40-acre subdivision of each 160-acre governmental subdivision, which shall be construed as meaning within a 400' square window located in the center of such designated quarter-quarter section. A provision is also made for granting administrative approval by the Director of the Division for exception well locations due to topography within the spaced area without necessity for a full hearing before the Board.

FURTHER, IT IS ORDERED, that the Wexpro Bug No. 1 well located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, Township 36 South, Range 26 East shall be an exception location.

FURTHER, IT IS ORDERED, that only one producing well drilled into the spaced interval should be permitted within each quarter section, drilling and spacing unit established by this Board.

DATED this 27th day of February, 1980.

BOARD OF OIL, GAS, AND MINING
DEPARTMENT OF NATURAL RESOURCES
in and for the STATE OF UTAH

Charles R. Henderson
Charles Henderson, Board Chairman

E. Steele McIntyre
E. Steele McIntyre, Board Member

Edward T. Bell
Edward T. Bell, Board Member

Ray C. Juvelin
Ray C. Juvelin, Board Member

Constance K. Lundberg
Constance K. Lundberg, Board Member