



**MOUNTAIN FUEL SUPPLY COMPANY**

180 EAST FIRST SOUTH • P. O. BOX 11368 • SALT LAKE CITY, UTAH 84139 • PHONE (801) 534-5021

LEGAL DEPARTMENT

October 24, 1980

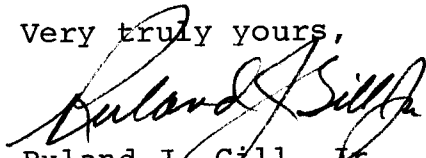
Mr. Cleon B. Feight, Director  
Division of Oil and Gas Conservation  
Utah Board of Oil, Gas and Mining  
1588 West North Temple  
Salt Lake City, Utah 84116

Dear Mr. Feight:

According to the instructions of the Board, we enclose a suggested copy of the Order for Cause No. 186-3 covering the 160 acre spacing extension of the Bug Field, San Juan County, Utah.

We respectfully request that a dated, signed copy be returned to us for our files.

Very truly yours,

  
Ruland J. Gill, Jr.  
Attorney

RJGJ:kmt  
Enclosure

**RECEIVED**

OCT 27 1980

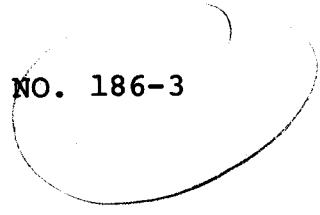
DIVISION OF  
OIL, GAS & MINING

*Full proposed order*

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 Wexpro Company for an Order )  
Establishing 160 Acre Drilling and )  
Spacing Units for an Extension of )  
the Spaced Area Covering the Bug )  
Field, San Juan County, Utah. )

ORDER  
CAUSE NO. 186-3



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 OCTOBER 23, 1980, IN THE DIVISION OF WILDLIFE RESOURCES AUDITORIUM, 1596 W. 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 Development
- 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, Greg Martin, 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 hearings, 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 the various oil and gas leases covering certain portions of the Bug Field, San Juan County Utah, to wit:

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

Section 20: NE $\frac{1}{4}$

Section 21: All

Section 22: Lots 3, 4, W $\frac{1}{2}$ SE $\frac{1}{4}$ , W $\frac{1}{2}$

4. By the order of this Board in Cause No. 186-1, the Board established 160 acre drilling and spacing units for the production of crude oil and associated natural gas from the Desert Creek formation underlying 160 acre surface acres with the permitted well location 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 foot square window located in the center of such designated ~~( $\frac{1}{4}$ )~~ section.
5. Several wells have been drilled to the Desert Creek formation on certain lands within the above-described area, and said wells are productive of hydrocarbons from the Desert Creek formation.
6. The Desert Creek formation underlies all or substantially all of the above-described lands requested for spacing hereunder, 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.

*pull out*

7. 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.
8. The establishment of a One Hundred Sixty (160) acre drilling and spacing unit for the Desert Creek formation underlying the above-described lands requested for spacing 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.
9. The permitted well location should be at or near the center of the northeast 40-acre subdivison of each 160-acre governmental subdivison, which shall be construed as meaning within a 400 foot square window located in the center of such designated ~~(1/4)~~ section.
10. 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 and geology within the spaced area for the Bug Field without necessity for a full hearing before the Board of Oil, Gas, and Mining.

#### 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.

*pull out*

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, 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 for the extended spaced area.

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 26 East S.L.M.

Section 20: NE $\frac{1}{4}$

Section 21: All

Section 22: Lots 3, 4, W $\frac{1}{2}$ SE $\frac{1}{4}$ , W $\frac{1}{2}$

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 foot square window located in the center of such designated  $\frac{1}{4}$ - $\frac{1}{4}$  section. A provision is also made for granting administrative approval by the Director of the Division for exception well locations due to topography and geology within the spaced area of the Bug Field without necessity for a full hearing before the Board.

FURTHER, IT IS ORDERED, that only one producing well drilled into the spaced interval should be permitted within each  $\frac{1}{4}$ -section, drilling and spacing unit established by this Board.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 1980.

ATTEST:

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

\_\_\_\_\_  
Charles Henderson, Board Chairman

\_\_\_\_\_  
E. Steele McIntyre, Board Member

\_\_\_\_\_  
Edward P. Bell, Board Member

\_\_\_\_\_  
Ray C. Juvelin, Board Member

\_\_\_\_\_  
Constance K. Lundberg, Board Member

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 Application )  
of Wexpro Company for an Order ) ORDER  
Establishing 160 Acre Drilling and ) CAUSE NO. 186-3  
Spacing Units for an Extension of )  
the Spaced Area Covering the Bug )  
Field, San Juan County, Utah. )

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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 OCTOBER 23, 1980, IN THE DIVISION OF WILDLIFE RESOURCES AUDITORIUM, 1596 W. NORTH TEMPLE, SALT LAKE CITY, UTAH.

The following staff members were present for this determination:

Denise A. Dragoo, Special Assistant Attorney General  
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, Gregory W. Martin, and Zoltan Bessenyei as witnesses.

Appearance for Intervenor Phyllis McQuire was by Rob Aydelette.

Appearance for Intervenor Coquina Oil Corporation was by Joseph R. Ross and E. D. Gruber.

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. The Board also swore in the witnesses appearing for Intervenors and heard the sworn testimony of said witnesses and considered their documentary evidence and exhibits. As a result of said hearings, 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, except that Intervenor McQuire requested that the hearing be continued until the next hearing date of the Board. However, delay in rendering an order could result in the drilling of unnecessary wells within the proposed spacing area extension.
3. That Wexpro Company is the owner of certain working interests and operating rights in and to the various oil and gas leases covering certain portions of the Bug Field, San Juan County Utah, to wit:

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

Section 20: NE $\frac{1}{4}$   
Section 21: All  
Section 22: Lots 3, 4, W $\frac{1}{2}$ SE $\frac{1}{4}$ , W $\frac{1}{2}$

4. By the Order of this Board in Cause No. 186-1, the Board established 160 acre drilling and spacing units for the production of crude oil and associated natural gas from the Desert Creek formation underlying 160 surface acres with the permitted well location 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 foot square window located in the center of such designated quarter-quarter section.



5. Several wells have been drilled to the Desert Creek formation on certain lands within the above-described area, and said wells are productive of hydrocarbons from the Desert Creek formation.
6. The Desert Creek formation underlies all or substantially all of the above-described lands requested for spacing hereunder, 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.
7. 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.
8. The establishment of a One Hundred Sixty (160) acre drilling and spacing unit for the Desert Creek formation underlying the above-described lands requested for spacing 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.
9. The permitted well location should be at or near the center of the northeast 40-acre subdivison of each 160-acre governmental subdivison, which shall be construed as meaning within a 400 foot square window located in the center of such designated quarter-quarter section.
10. 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 and geology within the spaced area for

the Bug Field without necessity for a full hearing before the Board of Oil, Gas, and Mining.

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, 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 for the extended spaced area.

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 26 East S.L.M.  
Section 20: NE $\frac{1}{4}$   
Section 21: All  
Section 22: Lots 3, 4, W $\frac{1}{2}$ SE $\frac{1}{4}$ , W $\frac{1}{2}$

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 foot 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 and geology within the spaced area of the Bug Field without necessity for a full hearing before the Board.

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.

FURTHER, IT IS ORDERED that this Order be temporary until July, 1981, at which time the applicant shall furnish the Board with maps and other evidence which will portray the drilling activity that has taken place during the intervening nine (9) month period.

DATED this 23rd day of October, 1980.

ATTEST:

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

Charles R. Henderson, Board Chairman

Max Farbman, Acting Board Chairman  
for this hearing

E. Steele McIntyre, Board Member

John L. Bell, Board Member

C. Ray Juvelin, Board Member

DISSENTING

Edward T. Beck, Board Member

Thadis W. Box, Board Member