

BEFORE THE BOARD OF OIL, GAS, AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

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In the Matter of the Application	)	
of MCOIL OIL & GAS CORPORATION for	)	
an Order Establishing 80-Acre	)	ORDER
Drilling and Spacing Units for	)	CAUSE NO. 188-1(C)
Development and Production of	)	
Oil and Gas from the Desert Creek	)	
Formation Underlying Lands in the	)	
Squaw Canyon Area, San Juan	)	
County, Utah	)	

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This cause came on regularly for hearing before the Board of Oil, Gas, and Mining on Tuesday, June 29, 1982, at 8:30 a.m., in the Governor's Board Room, State Capitol Building, Salt Lake City, Utah, pursuant to an Order to Show Cause why an Order vacating in part the Board's Order of November 19, 1980, establishing 80-acre drilling and spacing units should not be issued. The following Board Members were present:

Charles R. Henderson, Chairman

Herm Olsen

Edward T. Beck

John L. Bell

Robert R. Norman

Appearance was made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall & McCarthy for and in behalf of the Applicant, MCOIL Oil & Gas Corporation.

NOW THEREFORE, the Board, having fully considered the testimony adduced and the exhibits received at the hearing of April 29, 1982, and being fully advised in the premises, now makes and enters its Findings of Fact and Order as follows:

FINDINGS OF FACT

1. This matter initially came on regularly for hearing before the Board on April 29, 1982, in the Governor's Board Room of the State Capitol Building, Salt Lake City, Utah.

2. Due and regular notice of the time, place, and purpose of the April 29, 1982 hearing and of the June 29, 1982 hearing was given to all interested parties in the form and manner and within the time required by law and the rules and regulations of the Board.

3. The Board of Oil, Gas, and Mining has jurisdiction over all matters covered by said Application and over all parties interested therein and has the power and authority to make and promulgate the order hereinafter set forth.

4. Appearance for and in behalf of the applicant, MCOR Oil & Gas Corporation, was made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall & McCarthy.

5. The purpose of the April 29, 1982 hearing was to receive evidence regarding pressure maintenance of reservoirs in the Desert Creek Formation currently being developed by MCOR Oil & Gas Corporation. The hearing was had pursuant to directives of the Board contained in its Order of November 19, 1980, requiring the applicant to return with pressure maintenance data within six months of the original October 23, 1980 hearing. The six-month period for reporting was twice extended for lack of data.

6. Applicant owns working interests and operating rights within the spaced area.

7. Applicant has successfully drilled, tested, and produced the Federal 1-19 Well from the Desert Creek Formation. That well is located 1,720 feet from the north line and 1,300 feet from the east line in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 19 of Township 38 South, Range 26 East, S.L.M.

8. The applicant has also drilled its Federal 1-18, 2-19, 3-19, 1-20, and 2-20 Wells in adjacent drilling and spacing units. Those wells are situated in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 18, the NW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 19, the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 19, the NW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 20, and the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 20, respectively, in Township 38 South, Range 26 East, S.L.M.

9. Geological and engineering data obtained from drilling and development operations, related technical studies conducted in the Squaw Canyon Area of San Juan County, Utah, within and beyond the area affected by the Application, and the position of the existing producing well indicates that the subaerial extent of the lower Desert Creek zone is limited to the NE $\frac{1}{4}$  of Section 19.

10. Reserves in place calculated on recent material balance determinations equal between 1.1 million barrels and 1.9 million barrels, as opposed to the 7.8 million barrels thought to exist prior to all pressure data tests.

11. All wells which could be drilled on the spaced area in light of recent geologic and engineering data have been drilled.

12. Spacing should be retained on the following described lands to protect correlative rights against offset operators located on lands adjacent to the NE $\frac{1}{4}$  of Section 19:

Township 38 South, Range 26 East, S.L.M.

Section 18: S $\frac{1}{2}$   
Section 19: All  
Section 20: W $\frac{1}{2}$ W $\frac{1}{2}$

ORDER

IT IS THEREFORE ORDERED that the Order entered November 19, 1980, should be modified and vacated as follows:

1. The lands situated in the Squaw Canyon Area of San Juan County, Utah, known and believed to be underlain by a common source of supply from which oil, gas, and associated hydrocarbons can be produced from the Desert Creek Formation are as follows:

Township 38 South, Range 26 East, S.L.M.

Section 18: S $\frac{1}{2}$   
Section 19: All  
Section 20: W $\frac{1}{2}$ W $\frac{1}{2}$

The Order of November 19, 1980, establishing 80-acre drilling and spacing units consisting of the  $W\frac{1}{2}$  and  $E\frac{1}{2}$  of each public land survey quarter section for the development and production of oil, gas, and associated hydrocarbons from the Desert Creek Formation should be retained for those lands, together with the permitted well locations, and administrative variances for topographical exceptions established in that Order.

2. The Order of November 19, 1980, should be vacated as to the following described lands:

Township 38 South, Range 26 East, S.L.M.

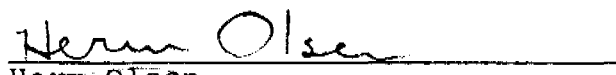
Section 18:  $N\frac{1}{2}$   
Section 20:  $E\frac{1}{2}W\frac{1}{2}$

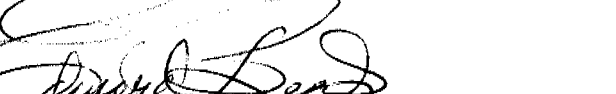
3. The Board retains continuing jurisdiction over all matters covered by this Order and all other applicable orders and over all parties affected thereby and retains and reserves continuing jurisdiction to make further orders as it deems appropriate and as authorized by the statutes and applicable regulations.

ENTERED this 29th day of June, 1982.


BOARD OF OIL, GAS, AND MINING

  
Charles R. Henderson, Chairman

  
Herm Olsen

  
Edward T. Beck

  
John L. Bell

  
Robert R. Norman