

After entry of the Huntford Resources Order, it has been brought to our attention that two "Range" descriptions appearing on Pages 6 and 9 read "West" as opposed to "East." We have corrected those descriptions. We have chosen to change the caption to read "Corrected Findings of Fact, Conclusions of Law, and Order" to denote a typographical error rather than a substantive change. The effective date of the order is the date of original entry on August 1, 2001.

**IN THE MATTER OF THE REQUEST  
FOR AGENCY ACTION OF  
HUNTFORD RESOURCES  
CORPORATION FOR AN ORDER  
ESTABLISHING 80-ACRE DRILLING  
UNITS FOR LANDS IN PARK CANYON  
AREA IN UINTAH COUNTY, UTAH, IN  
TOWNSHIP 11 SOUTH, RANGE 25  
EAST, S.L.M., FOR THE PRODUCTION  
OF OIL AND GAS FROM THE LOWER  
GREEN RIVER, WASATCH, AND  
MESA VERDE FORMATIONS; AND TO  
FORCE POOL THE INTERESTS OF  
ALL OWNERS REFUSING TO AGREE  
TO LEASE THEIR INTERESTS OR  
OTHERWISE BEAR THEIR  
PROPORTIONATE SHARE OF THE  
COSTS OF DRILLING OPERATIONS  
FOR THE QUEST #16-21, QUEST #1-22,  
QUEST #1-28, AND QUEST #2-28  
WELLS**

**FILED**

**AUG 09 2001**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

**CORRECTED  
FINDINGS OF FACT, CONCLUSIONS  
OF LAW, AND ORDER**

Docket No. 2001-009

Cause No. 206-3

This cause came on regularly for hearing before the Board of Oil, Gas and Mining (the "Board") on Wednesday, June 27, 2001, at 10:00 a.m., in the Hearing Room of the Utah Department of Natural Resources at 1594 West North Temple Street, in Salt Lake City, Utah.

The following Board members present and participating in the hearing were: Chairman Elise L. Erler, W. Allan Mashburn, Stephanie Cartwright, James Peacock, Kent R. Petersen, Robert J. Bayer, and Douglas E. Johnson. John R. Baza, Associate Director for Oil and Gas of the Division of Oil, Gas and Mining (the "Division"), was present and participated in the hearing.

12

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

**FILED**

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Phillip Wm. Lear, Esq., of Snell & Wilmer L.L.P. appeared on behalf of Huntford Resources Corporation (“**Huntford**”), and Steven A. Tedesco and Mark G. Wagner appeared as witnesses for Huntford.

A. John Davis, III, of Pruitt, Gushee & Bachtell appeared on behalf of American Gilsonite Company (“**AGC**”); and Robert G. Pruitt, Jr., of Pruitt, Gushee & Bachtell appeared on behalf of Cliffs Synfuel Corporation (“**Cliffs**”).

Kurt E. Seel, Esq., Assistant Attorney General, represented the Board; and Thomas A. Mitchell, Esq., Assistant Attorney General, represented the Division.

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

#### **FINDINGS OF FACT**

1. The Board mailed notice of the hearing to interested parties on March 8, 2001, and caused notice to be published in the *Deseret News* and in the *Salt Lake Tribune* on March 11, 2001, and in the *Vernal Express* on March 7, 2001.

2. Huntford mailed photocopies of the Request for Agency Action, as amended February 16, 2001 (First Amended Request for Agency Action), and as again amended on February 28, 2001 (Second Amended Request for Agency Action), to the last known address of all owners having interests in the spaced area to be modified by certified mail, return receipt requested.

3. Huntford is a Colorado corporation in good standing having its principal place of business in Englewood, Colorado. Huntford is authorized to do, and is doing, business in the State of Utah.

4. Huntford, AGC, and Cliffs own minerals or working interests in the lands that are the subject matter of the Request for Agency Action.

5. The lands sought to be spaced under the Second Amended Request for Agency Action and the associated interests to be forced pooled are situated in Uintah County, Utah, and are more particularly described, as follows:

**Township 11 South, Range 25 East, S.L.M.**

Section 19: E $\frac{1}{2}$   
Section 20: All  
Section 21: All  
Section 22: All  
Section 28: W $\frac{1}{2}$   
Section 29: All  
Section 30: E $\frac{1}{2}$

(comprising 3,520 acres, more or less)

(hereinafter "**Subject Lands**").

6. The interval sought to be spaced under Second Request for Agency Action was the Lower Green River, Wasatch, and Mesa Verde formations, more particularly defined as:

The stratigraphic equivalent of the interval from 1,000 feet to 4,850 feet as shown in the Litho Density/Compensated Neutron/Gamma Ray Log of the Anschutz Texas Creek #14-22. Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22, Township 11 South, Range 25 East, S.L.M.

(hereinafter "**Spaced Interval**"), an easily-identifiable stratigraphic horizon throughout the Uinta Basin.

7. By Order dated September 19, 1985, in Cause No. 190-3, the Board established portions of the Subject Lands as a "Designated Oil Shale Area" pursuant to the Board's Rule R649-3-31. Those rules impose special casing and cementing requirements upon oil and gas operators to protect the oil shale zone.

8. On or about March 9, 2001, Cliffs filed its objection to the proposed spacing on grounds that the minimum protections afforded by the special casing and cementing requirements of the Board's Rules would not adequately protect the oil shale section for the surface mining operations contemplated on the Subject Lands.

9. On March 20, 2001, Huntford and Cliffs entered into a Joint Stipulation for Operational Protections of the Oil Shale Section adopting casing and cementing standards proposed by Huntford in its Response, with the intention to augment, but not supplant the existing casing and cement requirements imposed by Rule R649-3-31.

10. By Order dated March 28, 2001, the Board continued the hearing in this matter to April 25, 2001; and by Order dated April 18, 2001, further continued the hearing in this matter to June 27, 2001, to allow additional time for the collection and synthesis of data from the control wells drilled on the Subject Lands.

11. By Order in Cause No. 190-13 dated June 8, 2001, the Board modified its order in Cause No. 190-3 to augment with additional requirements the well casing and cementing protections of the Board's Rule R649-3-31 as to those portions of the Subject Lands within the Designated Oil Shale Area subject to the order in Cause No. 190-3. The Order in Cause No. 190-13 affects all Revised Subject Lands in this matter.

12. On June 8, 2001, Huntford, Cliffs, AGC, and Dominion Exploration & Production Inc. filed their Joint Motion and Stipulation to Remove Lands from Spacing and Forced Pooling Application, seeking the elimination of the following lands from the Second Amended Request for Agency Action:

**Township 11 South, Range 25 East, S.L.M.**

Section 20: SE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 21: SW $\frac{1}{4}$ NW $\frac{1}{4}$

(containing 80 acres, more or less)

hereinafter “**AGC Lands.**”

**Township 11 South, Range 25 East, S.L.M.**

Section 20: NE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$

(containing 80 acres, more or less)

hereinafter “**Dominion Lands.**”

13. On June 22, 2001, AGC, upon the Board’s decision not to act on the motion to remove lands, filed its Objection of Respondent American Gilsonite Company challenging the Second Amended Request for Agency Action as it applied to the AGC Lands on grounds that the proposed spacing would violate AGC’s correlative rights because (1) evidence submitted by Huntford for the hearing supported 40-acre, not 80-acre spacing patterns, (2) that there was no evidence supporting 80-acre spacing in the area of the AGC lands, and (3) that AGC’s ownership pattern precluded the drilling of two wells on its tracts if the applied for 80-acre stand-up patterns were adopted by the Board.

14. At the hearing Huntford made its oral motion to further amend its Second Amended Request for Agency Action to conform it to the evidence adduced at the hearing by:

a. Reducing the acreage to be affected by the Request for Agency Action from 3,520 acres to 800 acres to cover the lands affected by existing wells and the off-setting 40-acre quarter-quarter sections, or their equivalents, as follows:

**Township 11 South, Range 25 East, U.S.M.**

Section 21: SE $\frac{1}{4}$

Section 22: S $\frac{1}{2}$

Section 28: N $\frac{1}{2}$

These lands are hereinafter, “**Revised Subject Lands;**”

b. Eliminating the Mesa Verde formation from the proposed Spaced Interval, thereby seeking spacing for the Lower Green River and Wasatch formations;

c. Returning the balance of the acreage originally sought to be spaced to governance by the Board’s well-location and siting rules contained in Utah Admin. Code Rule R649-3-2; and,

d. Dismissing that portion of the Second Amended Request for Agency Action seeking forced pooling for the reason that all persons owning legally protected interests had leased their mineral rights to Huntford or its partners.

15. AGC and Cliffs concurred in the motion and withdrew their objections.

16. The Revised Subject Lands affected by this Request for Agency Action are private (fee) lands.

17. Huntford has drilled and completed three wells on the Revised Subject Lands. Those well are the Quest #16-21 Well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21, the Quest #1-22 Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22, and the Quest #6-28 Well (formerly the Quest #2-28 Well) drilled in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 28. Huntford completed the Quest #16-21 Well on

March 9, 2001, the Quest #1-22 Well on March 16, 2001, and the Quest #6-28 Well on May 2, 2001. These wells are hereinafter referred to as the “**Quest Wells.**” The Quest Wells, together with the Anschutz Texas Creek #14-22 Well located in the SE¼SW¼ of Section 22, constitute the control wells for this hearing.

18. The interval to be spaced under this Second Amended Request for Agency Action, as orally amended at the hearing, is limited to the Wasatch formation, more particularly defined as:

The stratigraphic equivalent of the interval from 1,398 feet to 2,322 feet drilling depth as derived from the Phasor Induction with Linear Correlation Log of the Anschutz Texas Creek #14-22 Well located in the SE¼SW¼ of Section 22, Township 11 South, Range 25 East, S.L.M.

(hereinafter “**Revised Spaced Interval**”). The Wasatch formation is an easily-identifiable stratigraphic horizon throughout the Uinta Basin containing a common source of supply from which oil, gas, and associated hydrocarbons can be produced.

19. No evidence was adduced at the hearing supporting the spacing of the Lower Green River formation. Further, evidence adduced at the hearing indicated that the Mesa Verde formation was wet in the Quest Wells or did not provide sufficient “shows” to support the spacing of that formation.

20. The maximum area that can be efficiently and economically drained by one well from the Revised Spaced Interval underlying the Revised Subject Lands is 40 acres.

21. Spacing patterns for the development of the Revised Subject Lands and the Revised Spaced Interval should comprise 40-acre drilling units in each public land survey quarter-quarter section or combination of equivalent lots. The wells drilled on the Revised



Subject Lands to the permitted Revised Spaced Interval shall be within a drilling window centered on a 40-acre quarter-quarter section or combination of equivalent lots, the boundaries of which drilling window are no closer than 460 feet from the quarter-quarter section boundary line or lease line. Further, the permitted well shall be no closer than 920 feet from any other well on an adjoining drilling completed in and capable of producing oil or gas from the same pool.

22. Production of oil, gas, and associated hydrocarbons from the Revised Spaced Interval in the Revised Subject Lands will promote the public interest, increase ultimate recovery, prevent waste, and protect the correlative rights of all owners.

#### **CONCLUSIONS OF LAW**

1. The Board has jurisdiction of the parties and of the subject matter of the Second Request for Agency Action, as amended, pursuant to Chapter 6 of Title 40 of the *Utah Code Annotated*.

2. The Division gave due and regular notice of the time, place, and purpose of the hearing to all interested parties as required by law and by the rules and regulations of the Board.

3. Huntford properly served all owners entitled to notice by mailing copies of the Request for Agency Action, as amended, to those owners having legally protected interests.

4. The Revised Subject Lands are currently governed by the general well-location and siting rules set forth in the Utah Administrative Code Rule R649-3-2(1) (2001), authorizing one well to be drilled for production of oil and gas in the center of every public land survey quarter-quarter section or equivalent lot with a tolerance of 200 feet in any direction from the center location.

5. Forty-acre drilling units are not smaller than the maximum area within the Revised Subject Lands that can be efficiently and economically drained by one production well from the Revised Spaced Interval.

6. Forty-acre drilling units are of a uniform size and shape throughout the Revised Subject Lands.

7. The terms and conditions sought by Huntford's Second Amended Request for Agency Action, as orally amended and modified at the hearing, are just and reasonable.

8. An order establishing drilling units on 40-acre patterns for the production of oil, gas and associated hydrocarbons from the Revised Spaced Interval in the Revised Subject Lands will promote the public interest, increase ultimate recovery, prevent waste, and protect the correlative rights of all owners.

### **ORDER**

**IT IS THEREFORE ORDERED** that to promote the public interest, to increase the ultimate recovery of the resources, to prevent physical waste of oil, gas, and associated hydrocarbons, and to protect the correlative rights of all owners:

A. Huntford's Second Amended Request for Agency Action, as orally amended and conformed to the evidence at the hearing, is granted as to the Wasatch formation in the following described lands:

#### **Township 11 South, Range 25 East, U.S.M.**

Section 21: SE $\frac{1}{4}$   
Section 22: S $\frac{1}{2}$   
Section 28: N $\frac{1}{2}$

(containing 800 acres, more or less)

The Lower Green River shall not be spaced hereunder and that portion of the Second Amended Request for Agency Action seeking spacing on the Lower Green River is hereby denied.

B. Drilling units shall comprise 40-acre quarter-quarter sections or an equivalent combination of lots, for the lands and intervals so spaced.

C. The permitted well in each drilling unit shall be located within a drilling window centered on a 40-acre quarter-quarter section or combination of equivalent lots, the boundaries of which drilling window are no closer than 460 feet from the quarter-quarter section boundary line or lease line. Further, the well shall be no closer than 920 feet from any other well on an adjoining tract, drilling, completed in, or capable of producing oil or gas from the same pool.

D. Administrative approval may be granted for exception well locations for topographic, environmental, and archaeological considerations and when “no surface occupancy” stipulations imposed by the landowners (lessors) prohibit drilling at a legal location, without the necessity of a full hearing before the Board.

E. The Board has considered and decided this matter as a formal adjudication, pursuant to the Utah Administrative Procedures Act, Utah Code Ann. §§ 63-46b-6 through -10 (1993), and of the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin. Code R641 (2001).

F. This Findings of Fact, Conclusions of Law, and Order (“**Order**”) is based exclusively upon evidence of record in this proceeding or on facts officially noted, and constitutes the signed written order stating the Board’s decision and the reasons for the decision, as required by the Utah Administrative Procedures Act, Utah Code Ann. § 63-46b-10 (1997), and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin.

Code R641-109 (2001); and constitutes a final agency action as defined in the Utah Administrative Procedures Act and Board rules.

**G. Notice of Right of Judicial Review by the Supreme Court of the State of Utah.** The Board hereby notifies all parties to this proceeding that they have the right to seek judicial review of this Order by filing an appeal with the Supreme Court of the State of Utah within 30 days after the date this Order is entered. Utah Code Ann. § 63-46b-10(f) (1997).

**H. Notice of Right to Petition for Reconsideration.** As an alternative, but not as a prerequisite to judicial review, the Board hereby notifies all parties to this proceeding that they may apply for reconsideration of this Order. Utah Code Ann. § 63-46b-10(e) (1997). The Utah Administrative Procedures Act provides:

(1) (a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Utah Code Ann. § 63-46b-13 (1997).

The Rules of Practice and Procedure before the Board of Oil, Gas and Mining entitled “Rehearing and Modification of Existing Orders” state:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

Utah Admin. Code R641-110-100 (2001).


The Board hereby rules that should there be any conflict between the deadlines provided in the Utah Administrative Procedures Act and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the aggrieved party may seek judicial review of the order by perfecting an appeal with the Utah Supreme Court within 30 days thereafter.

I. The Board retains exclusive and continuing jurisdiction of all matters covered by this Order and of all parties affected thereby; and specifically, the Board retains and reserves exclusive and continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

J. The Chairman's signature on a facsimile copy of this Order shall be deemed the equivalent of a signed original for all purposes.

ENTERED this 9<sup>th</sup> day of August, 2001, but effective the date of original entry on August 1, 2001.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

  
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Elise L. Erler, Chairman

## CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing CORRECTED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER in Docket No. 2001-009, Cause No. 206-3 to be mailed with postage prepaid, this 9 day of August, 2001, to the following:

Phillip Wm. Lear  
Attorney for Huntford Resources Corp.  
SNELL & WILMER  
15 West South Temple Street, Suite 1200  
Gateway Tower West  
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Mitchell Energy Corporation  
2001 Timberloch Place  
The Woodlands, TX 77380

Mtarri, Inc.  
1511 Washington Avenue  
Golden, CO 80401

Tex/Con Oil & Gas Company (Undeliverable)  
9401 Southeast Freeway  
Houston, TX 77074

Utah School and Institutional  
Trust Lands Administration  
Attn: LaVonne Garrison  
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White River Resource  
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Jon D. Hill, President  
Cripple Cowboy Cow Outfit Inc.  
P.O. Box 40  
Rangely, CO 81648

  
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**BEFORE THE BOARD OF OIL, GAS AND MINING  
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#### **FINDINGS OF FACT**

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10. By Order dated March 28, 2001, the Board continued the hearing in this matter to April 25, 2001; and by Order dated April 18, 2001, further continued the hearing in this matter to June 27, 2001, to allow additional time for the collection and synthesis of data from the control wells drilled on the Subject Lands.

11. By Order in Cause No. 190-13 dated June 8, 2001, the Board modified its order in Cause No. 190-3 to augment with additional requirements the well casing and cementing protections of the Board's Rule R649-3-31 as to those portions of the Subject Lands within the Designated Oil Shale Area subject to the order in Cause No. 190-3. The Order in Cause No. 190-13 affects all Revised Subject Lands in this matter.

12. On June 8, 2001, Huntford, Cliffs, AGC, and Dominion Exploration & Production Inc. filed their Joint Motion and Stipulation to Remove Lands from Spacing and Forced Pooling Application, seeking the elimination of the following lands from the Second Amended Request for Agency Action:

**Township 11 South, Range 25 East, S.L.M.**

Section 20: SE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 21: SW $\frac{1}{4}$ NW $\frac{1}{4}$

(containing 80 acres, more or less)

hereinafter “AGC Lands.”

**Township 11 South, Range 25 East, S.L.M.**

Section 20: NE $\frac{1}{4}$ NE $\frac{1}{4}$   
Section 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$

(containing 80 acres, more or less)

hereinafter “Dominion Lands.”

13. On June 22, 2001, AGC, upon the Board’s decision not to act on the motion to remove lands, filed its Objection of Respondent American Gilsonite Company challenging the Second Amended Request for Agency Action as it applied to the AGC Lands on grounds that the proposed spacing would violate AGC’s correlative rights because (1) evidence submitted by Huntford for the hearing supported 40-acre, not 80-acre spacing patterns, (2) that there was no evidence supporting 80-acre spacing in the area of the AGC lands, and (3) that AGC’s ownership pattern precluded the drilling of two wells on its tracts if the applied for 80-acre stand-up patterns were adopted by the Board.

14. At the hearing Huntford made its oral motion to further amend its Second Amended Request for Agency Action to conform it to the evidence adduced at the hearing by:

a. Reducing the acreage to be affected by the Request for Agency Action from 3,520 acres to 800 acres to cover the lands affected by existing wells and the off-setting 40-acre quarter-quarter sections, or their equivalents, as follows:

**Township 11 South, Range 25 West, U.S.M.**

Section 21: SE $\frac{1}{4}$

Section 22: S $\frac{1}{2}$

Section 28: N $\frac{1}{2}$

Page 6, 914.a.  
[Range 25 West]  
Range 25 East  
dth

These lands are hereinafter, "**Revised Subject Lands;**"

b. Eliminating the Mesaverde formation from the proposed Spaced Interval, thereby seeking spacing for the Lower Green River and Wasatch formations;

c. Returning the balance of the acreage originally sought to be spaced to governance by the Board's well-location and siting rules contained in Utah Admin. Code Rule R649-3-2; and,

d. Dismissing that portion of the Second Amended Request for Agency Action seeking forced pooling for the reason that all persons owning legally protected interests had leased their mineral rights to Huntford or its partners.

15. AGC and Cliffs concurred in the motion and withdrew their objections.

16. The Revised Subject Lands affected by this Request for Agency Action are private (fee) lands.

17. Huntford has drilled and completed three wells on the Revised Subject Lands. Those well are the Quest #16-21 Well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 21, the Quest #1-22 Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22, and the Quest #6-28 Well (formerly the Quest #2-28 Well) drilled in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 28. Huntford completed the Quest #16-21 Well on

March 9, 2001, the Quest #1-22 Well on March 16, 2001, and the Quest #6-28 Well on May 2, 2001. These wells are hereinafter referred to as the “**Quest Wells.**” The Quest Wells, together with the Anschutz Texas Creek #14-22 Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22, constitute the control wells for this hearing.

18. The interval to be spaced under this Second Amended Request for Agency Action, as orally amended at the hearing, is limited to the Wasatch formation, more particularly defined as:

The stratigraphic equivalent of the interval from 1,398 feet to 2,322 feet drilling depth as derived from the Phasor Induction with Linear Correlation Log of the Anschutz Texas Creek #14-22 Well located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 22, Township 11 South, Range 25 East, S.L.M.

(hereinafter “**Revised Spaced Interval**”). The Wasatch formation is an easily-identifiable stratigraphic horizon throughout the Uinta Basin containing a common source of supply from which oil, gas, and associated hydrocarbons can be produced.

19. No evidence was adduced at the hearing supporting the spacing of the Lower Green River formation. Further, evidence adduced at the hearing indicated that the Mesaverde formation was wet in the Quest Wells or did not provide sufficient “shows” to support the spacing of that formation.

20. The maximum area that can be efficiently and economically drained by one well from the Revised Spaced Interval underlying the Revised Subject Lands is 40 acres.

21. Spacing patterns for the development of the Revised Subject Lands and the Revised Spaced Interval should comprise 40-acre drilling units in each public land survey quarter-quarter section or combination of equivalent lots. The wells drilled on the Revised

Subject Lands to the permitted Revised Spaced Interval shall be within a drilling window centered on a 40-acre quarter-quarter section or combination of equivalent lots, the boundaries of which drilling window are no closer than 460 feet from the quarter-quarter section boundary line or lease line. Further, the permitted well shall be no closer than 920 feet from any other well on an adjoining drilling completed in and capable of producing oil or gas from the same pool.

22. Production of oil, gas, and associated hydrocarbons from the Revised Spaced Interval in the Revised Subject Lands will promote the public interest, increase ultimate recovery, prevent waste, and protect the correlative rights of all owners.

#### **CONCLUSIONS OF LAW**

1. The Board has jurisdiction of the parties and of the subject matter of the Second Request for Agency Action, as amended, pursuant to Chapter 6 of Title 40 of the *Utah Code Annotated*.

2. The Division gave due and regular notice of the time, place, and purpose of the hearing to all interested parties as required by law and by the rules and regulations of the Board.

3. Huntford properly served all owners entitled to notice by mailing copies of the Request for Agency Action, as amended, to those owners having legally protected interests.

4. The Revised Subject Lands are currently governed by the general well-location and siting rules set forth in the Utah Administrative Code Rule R649-3-2(1) (2001), authorizing one well to be drilled for production of oil and gas in the center of every public land survey quarter-quarter section or equivalent lot with a tolerance of 200 feet in any direction from the center location.

5. Forty-acre drilling units are not smaller than the maximum area within the Revised Subject Lands that can be efficiently and economically drained by one production well from the Revised Spaced Interval.

6. Forty-acre drilling units are of a uniform size and shape throughout the Revised Subject Lands.

7. The terms and conditions sought by Huntford's Second Amended Request for Agency Action, as orally amended and modified at the hearing, are just and reasonable.

8. An order establishing drilling units on 40-acre patterns for the production of oil, gas and associated hydrocarbons from the Revised Spaced Interval in the Revised Subject Lands will promote the public interest, increase ultimate recovery, prevent waste, and protect the correlative rights of all owners.

**ORDER**

**IT IS THEREFORE ORDERED** that to promote the public interest, to increase the ultimate recovery of the resources, to prevent physical waste of oil, gas, and associated hydrocarbons, and to protect the correlative rights of all owners:

A. Huntford's Second Amended Request for Agency Action, as orally amended and conformed to the evidence at the hearing, is granted as to the Wasatch formation in the following described lands:

**Township 11 South, Range 25 West, U.S.M.**

Section 21: SE $\frac{1}{4}$   
Section 22: S $\frac{1}{2}$   
Section 28: N $\frac{1}{2}$

(containing 800 acres, more or less)

Page 9, Section A  
[Range 25 West]  
Range 25 East  
dh



The Lower Green River shall not be spaced hereunder and that portion of the Second Amended Request for Agency Action seeking spacing on the Lower Green River is hereby denied.

B. Drilling units shall comprise 40-acre quarter-quarter sections or an equivalent combination of lots, for the lands and intervals so spaced.

C. The permitted well in each drilling unit shall be located within a drilling window centered on a 40-acre quarter-quarter section or combination of equivalent lots, the boundaries of which drilling window are no closer than 460 feet from the quarter-quarter section boundary line or lease line. Further, the well shall be no closer than 920 feet from any other well on an adjoining tract, drilling, completed in, or capable of producing oil or gas from the same pool.

D. Administrative approval may be granted for exception well locations for topographic, environmental, and archaeological considerations and when “no surface occupancy” stipulations imposed by the landowners (lessors) prohibit drilling at a legal location, without the necessity of a full hearing before the Board.

E. The Board has considered and decided this matter as a formal adjudication, pursuant to the Utah Administrative Procedures Act, Utah Code Ann. §§ 63-46b-6 through -10 (1993), and of the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin. Code R641 (2001).

F. This Findings of Fact, Conclusions of Law, and Order (“**Order**”) is based exclusively upon evidence of record in this proceeding or on facts officially noted, and constitutes the signed written order stating the Board’s decision and the reasons for the decision, as required by the Utah Administrative Procedures Act, Utah Code Ann. § 63-46b-10 (1997), and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin.

Code R641-109 (2001); and constitutes a final agency action as defined in the Utah Administrative Procedures Act and Board rules.

**G. Notice of Right of Judicial Review by the Supreme Court of the State of Utah.** The Board hereby notifies all parties to this proceeding that they have the right to seek judicial review of this Order by filing an appeal with the Supreme Court of the State of Utah within 30 days after the date this Order is entered. Utah Code Ann. § 63-46b-10(f) (1997).

**H. Notice of Right to Petition for Reconsideration.** As an alternative, but not as a prerequisite to judicial review, the Board hereby notifies all parties to this proceeding that they may apply for reconsideration of this Order. Utah Code Ann. § 63-46b-10(e) (1997). The Utah Administrative Procedures Act provides:

(1) (a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Utah Code Ann. § 63-46b-13 (1997).

The Rules of Practice and Procedure before the Board of Oil, Gas and Mining entitled “Rehearing and Modification of Existing Orders” state:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

Utah Admin. Code R641-110-100 (2001).

The Board hereby rules that should there be any conflict between the deadlines provided in the Utah Administrative Procedures Act and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the aggrieved party may seek judicial review of the order by perfecting an appeal with the Utah Supreme Court within 30 days thereafter.

I. The Board retains exclusive and continuing jurisdiction of all matters covered by this Order and of all parties affected thereby; and specifically, the Board retains and reserves exclusive and continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

J. The Chairman's signature on a facsimile copy of this Order shall be deemed the equivalent of a signed original for all purposes.

ENTERED this 1<sup>st</sup> day of August, 2001.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING



Elise L. Erler, Chairman

## CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER in Docket No. 2001-009, Cause No. 206-3 to be mailed with postage prepaid, this 3 day of August, 2001, to the following:

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555 17th Street  
Denver, CO 80202-3987

El Paso Corporation/  
Coastal Oil & Gas Corporation  
Attn: G. Len Miles  
Nine Greenway Plaza  
Houston, TX 77046

Contex Energy Company  
P.O. Box 627  
Dickinson, ND 58602

Margaret Winckler  
c/o Moorge Martin & Company  
Attn: Alan & Phyllis Wiltshire  
Long Thatch, Honey Hill, Workingham  
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ENGLAND

Mitchell Energy Corporation  
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The Woodlands, TX 77380

Mtarri, Inc.  
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Golden, CO 80401

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Trust Lands Administration  
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White River Resource  
1625 Broadway, Suite 600  
Denver, CO 80202-4706

Jon D. Hill, President  
Cripple Cowboy Cow Outfit Inc.  
P.O. Box 40  
Rangely, CO 81648

  
\_\_\_\_\_

**FILED**

**APR 18 2001**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

**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  
HUNTFORD RESOURCES  
CORPORATION FOR AN ORDER  
ESTABLISHING 80-ACRE DRILLING  
UNITS FOR LANDS IN PARK  
CANYON AREA IN UINTAH  
COUNTY, UTAH, IN TOWNSHIP 11  
SOUTH, RANGE 25 EAST, S.L.M., FOR  
THE PRODUCTION OF OIL AND GAS  
FROM THE LOWER GREEN RIVER,  
WASATCH, AND MESAVERDE  
FORMATIONS; AND TO FORCE  
POOL THE INTERESTS OF ALL  
OWNERS REFUSING TO AGREE TO  
LEASE THEIR INTERESTS OR  
OTHERWISE BEAR THEIR  
PROPORTIONATE SHARE OF THE  
COSTS OF DRILLING OPERATIONS  
FOR THE QUEST #16-21, QUEST #1-  
22, QUEST #1-28, AND QUEST #2-28  
WELLS**

**ORDER GRANTING MOTION FOR  
CONTINUANCE**

Docket No. 2001-009

Cause No. 206-3

The Board of Oil, Gas and Mining having considered the motion of Huntford Resources Corporation for an order continuing the hearing on this matter to the regularly scheduled June 2001 hearing date and to continue until June 11, 2001, the date for filing exhibits and responses and the stipulations thereto of Cliffs Synfuels Corp., American Gilsonite Company, Dominion Exploration & Production, Inc., and Rose Royalty L.L.C.; and being fully advised in the premises;

**IT IS HEREBY ORDERED** this matter is continued to the regularly scheduled hearing date on June 27, 2001, and all interested persons are granted leave until June 11, 2001, to file their motions, responses, and exhibits.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

ENTERED this 18<sup>th</sup> day of April, 2001.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

  
\_\_\_\_\_  
Dave D. Lauriski, Chairman

## CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing ORDER GRANTING MOTION FOR CONTINUANCE in Docket No. 2001-009, Cause No. 206-3 to be mailed with postage prepaid, this 19 day of April, 2001, to the following:

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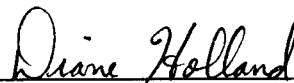
Mtarri, Inc.  
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Cripple Cowboy Cow Outfit Inc.  
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\_\_\_\_\_

2

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

**FILED**

**MAR 28 2001**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

**IN THE MATTER OF THE REQUEST  
FOR AGENCY ACTION OF  
HUNTFORD RESOURCES  
CORPORATION FOR AN ORDER  
ESTABLISHING 80-ACRE DRILLING  
UNITS FOR LANDS IN PARK CANYON  
AREA IN UINTAH COUNTY, UTAH, IN  
TOWNSHIP 11 SOUTH, RANGE 25  
EAST, S.L.M., FOR THE PRODUCTION  
OF OIL AND GAS FROM THE LOWER  
GREEN RIVER, WASATCH, AND  
MESA VERDE FORMATIONS; AND TO  
FORCE POOL THE INTERESTS OF  
ALL OWNERS REFUSING TO AGREE  
TO LEASE THEIR INTERESTS OR  
OTHERWISE BEAR THEIR  
PROPORTIONATE SHARE OF THE  
COSTS OF DRILLING OPERATIONS  
FOR THE QUEST #16-21, QUEST #1-22,  
QUEST #1-28, AND QUEST #2-28  
WELLS**

**COMPREHENSIVE ORDER  
AUTHORIZING THE FILING OF  
SECOND AMENDED REQUEST FOR  
AGENCY ACTION AND CONTINUING  
HEARING**

Docket No. 2001-009

Cause No. 206-3

The Board of Oil, Gas and Mining has considered the motions of Huntford Resources Corporation for leave to file Second Amended Request for Agency Action and to waive the Board's rules to authorize respondents to file out-of-time their responses, motions, memoranda, and exhibits pertaining to the proposed 80-acre spacing patterns sought by Huntford filed February 28, 2001, together with the Stipulated Motion for Continuance of Huntford and others to continue the hearing on this matter to the April 25, 2001 hearing date filed March 12, 2001; and being fully advised in the premises;

**IT IS HEREBY ORDERED** that Huntford Resources Corporation be, and hereby is, granted leave to file its Second Amended Request for Agency Action effective as of February 28, 2001, and that this matter be continued to the regularly scheduled hearing date on April 25, 2001. All interested persons shall file their responses, memoranda, motions, and exhibits on or before April 10, 2001, pursuant to the Board's scheduling cut-off date established by R645-105 of the Utah Administrative Code. That portion of Huntford's motion seeking retention of the March 28, 2001 hearing date is now moot and is denied accordingly.

For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

ENTERED this 28<sup>th</sup> day of March, 2001.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING



\_\_\_\_\_  
Dave D. Lauriski, Chairman

## CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing COMPREHENSIVE ORDER AUTHORIZING THE FILING OF SECOND AMENDED REQUEST FOR AGENCY ACTION AND CONTINUING HEARING in Docket No. 2001-009, Cause No. 206-3 to be mailed with postage prepaid, this 9 day of April, 2001, to the following:

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Contex Energy Company  
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Utah School and Institutional  
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