

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

In the Matter of the Application)	
of GULF ENERGY CORPORATION for)	
an Order Establishing Forty-Acre)	
Drilling Units for Lands Con-)	ORDER
stituting the SW $\frac{1}{4}$ of Section 34,)	
Township 8 South, Range 16 East,)	Cause No. 208-1
S.L.M., in the Monument Butte)	
Area, Duchesne County, Utah;)	
and for an Order Pooling All)	
Oil and Gas Interests in Said)	
Forty-Acre Drilling Units)	
Constituting the SW $\frac{1}{4}$ of Said)	
Section 34.)	

This cause came on regularly for hearing before the Board of Oil, Gas, and Mining on Thursday, November 17, 1983, at 10:00 a.m., at the Sheraton Inn, 1684 West Highway 40, Vernal, Utah, pursuant to the Notice of Hearing issued by the Board on November 4, 1983. The following Board members were present:

- Gregory P. Williams, Chairman
- Charles R. Henderson
- E. Steele McIntyre
- Constance K. Lundberg
- John M. Garr
- James W. Carter

Mr. Carter disqualified himself for purposes of hearing this matter. Appearances were made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall & McCarthy for and on behalf of the Applicant, Gulf Energy Corporation, and by Hugh C. Garner of Hugh C. Garner & Associates for and on behalf of Amerada Hess Corporation and Chorney Oil Company.

NOW THEREFORE, the Board, having fully considered the testimony adduced and the exhibits received at said hearing 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 came on regularly for hearing before the Board on Thursday, November 17, 1983, at 10:00 a.m., at the Sheraton Inn, 1684 West Highway 40, Vernal, Utah.

2. Appearance for and in behalf of the Applicant, Gulf Energy Corporation, was made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall & McCarthy. Appearance was also made by Hugh C. Garner of Hugh C. Garner & Associates for and on behalf of Amerada Hess Corporation and Chorney Oil Company. No other appearance by other interested parties was made either individually or as represented by counsel.

3. Due and regular notice of the time, place, and purpose of this November 17, 1983 hearing was given to all

interested parties in the form and manner and within the time required by law in the rules and regulations of the Board.

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

5. Gulf Energy Corporation (hereinafter "Applicant") is a corporation organized and existing under the laws of the State of Utah, and is duly authorized to do business in the State of Utah.

6. The Applicant is an operator in the Monument Butte Area of Duchesne County, Utah.

7. The Applicant is the owner of an undivided one-third working interest in Federal Oil and Gas Lease Utah 47171 covering the following described lands in Duchesne County, Utah:

Township 8 South, Range 16 East, S.L.M.

Section 22: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$,
S $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 23: SW $\frac{1}{4}$
Section 26: N $\frac{1}{2}$
Section 27: NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ S $\frac{1}{2}$
Section 34: SW $\frac{1}{4}$

(containing 1,358.94 acres, more or less)

Amerada Hess Corporation (hereinafter "Amerada") and Chorney Oil Company (hereinafter "Chorney") own the remaining undivided

two-thirds working interest in said lease, in quanta of an undivided one-third interest each.

8. The Applicant and other operators have successfully drilled, tested, and produced oil and gas from the Douglas Creek Member of the Green River Formation on lands and leases approximate to the lands sought to be spaced.

9. Geological and engineering data obtained during drilling and development operations and related technical studies conducted within the immediately adjacent area surrounding the lands affected by this Application indicates that the area to be spaced should be as follows:

Township 8 South, Range 16 East, S.L.M.

Section 34: SW $\frac{1}{4}$

(containing 160.0 acres, more or less)

These lands are believed to underlain by a common source of supply from which oil and associated hydrocarbons can be produced.

10. Said lands are currently spaced under authority of Field Rule C-3 of the General Rules and Regulations and Rules of Practice and Procedure of the Board of Oil, Gas, and Mining (amended to January 1, 1982), providing for the equivalent of 640-acre spacing for gas wells and forty-acre spacing for oil wells.

11. The interval to be spaced should be defined as being the Douglas Creek Member of the Green River Formation, a definite and easily-identifiable stratigraphic horizon throughout the entire area which is customarily drilled and explored for oil and gas potential.

12. Drilling and spacing units for development of the subject lands and interval should comprise forty acres. Those units should consist of public lands survey quarter-quarter sections

13. Forty-acre drilling units are not smaller than the maximum area that can be efficiently and economically drained by one well located thereon.

14. The permitted well for each such drilling unit should be located in the center of the respective quarter-quarter sections, with an allowed tolerance of 200 feet from the center of each designated quarter-quarter section.

15. Granting of administrative approval shall be had for exception well locations due to geologic, geographic or other factors without the necessity for a full hearing before the Board.

16. In order to permit orderly and uniform well spacing and development within the field, to prevent waste, and to avoid the drilling of unnecessary wells, to protect correlative rights and to achieve the greatest possible economic recovery of oil and associated gas, only one producing well

into the spaced interval should be permitted within each drilling and spacing unit established by the Board.

17. The Applicant desires to drill its Wells Draw Federal #34-13 Well to a proposed depth of 6,200 feet in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, Township 8 South, Range 16 East, S.L.M., to test for the production of oil and associated hydrocarbons from the Douglas Creek Member of the Green River Formation. Subsequently, the Applicant proposes to drill three additional wells, one each on the remaining quarter-quarter section drilling units in said SW $\frac{1}{4}$ of Section 34 as follows: The Wells Draw Federal #34-14 Well in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, the Wells Draw Federal #34-23 Well in the NE $\frac{1}{4}$ SW $\frac{1}{4}$, and the Wells Draw Federal #34-24 Well in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ to the proposed depth of 6,200 feet for production of oil and associated hydrocarbons from the Green River Formation.

18. Initially, Amerada and Chorney by and through their counsel stipulated with the Applicant that the working interests in Douglas Creek Member of the Green River Formation in the SW $\frac{1}{4}$ of said Section 34 should be force pooled for development, subject to a future determination of applicability of nonconsent provisions to the E $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$ and to a determination of the magnitude of the nonconsent penalty.

20. On December 14, 1983, the parties hereto entered into a voluntary pooling agreement, pooling their interests in

the Douglas Creek Member of the Green River Formation in the SW $\frac{1}{4}$ of said Section 34 for common development.

21. At the December 15, 1983 hearing of the Board on this matter, counsel stipulated that the Applicant withdraw that portion of its Application seeking forced pooling of the working interest in the SW $\frac{1}{4}$ of said Section 34.

ORDER

IT IS THEREFORE ORDERED that:

1. The lands situated in the Monument Butte Area of Duchesne County, Utah, known and believed to be underlain by a common source of supply from which oil and associated gas can be produced from the Douglas Creek Member of the Green River Formation are as follows:

Township 8 South, Range 16 East, S.L.M.

Section 34: SW $\frac{1}{4}$

Forty-acre drilling units consisting of public land survey quarter-quarter sections are hereby established for the development of production of oil and associated gas from the Douglas Creek Member of the Green River Formation underlying said lands.

2. No more than one well shall be drilled for production from the common source of supply on any drilling unit.

3. The location for each permitted well shall be in the center of the respective public land survey quarter-quarter sections, with a tolerance of 200 feet from the center of such designated quarter-quarter section.

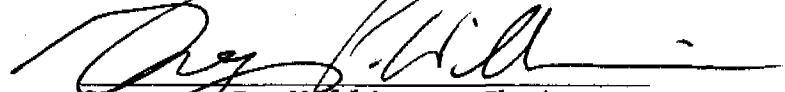
4. Exceptions for ordinary well locations are hereby allowed by administrative action when geologic, geographic (topographic), or other features necessitate such exceptions, without necessity for a full hearing before the Board.

5. Due to stipulation of the parties hereto voluntarily pooling their interests in the Douglas Creek Member of the Green River Formation for common development, that portion of the Application seeking forced pooling is dismissed without prejudice.

6. The Board retains continuing jurisdiction of all matters covered by this Order and over all parties affected thereby.

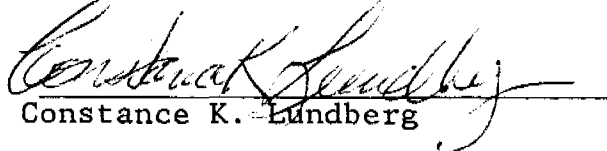
ENTERED this 15th day of December, 1983, but effective as of November 17, 1983, with the appeal period running from November 17, 1983.

BOARD OF OIL, GAS, AND MINING


Gregory P. Williams, Chairman


Charles R. Henderson


E. Steel McIntyre


Constance K. Lundberg

John M. Garr

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STATE OF UTAH

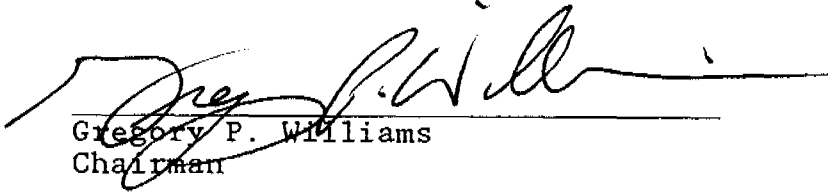
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Section 34, Township 8 South,)
Range 16 East, S.L.M., in the)
Monument Butte Area, Duchesne)
County, Utah; and for an Order)
Pooling All Oil and Gas)
Interests in Said Forty Acre)
Drilling and Spacing Units)
Constituting the SW $\frac{1}{4}$ of said)
Section 34)

208-1
Cause No. ~~131-4~~


ORDER

Upon Motion of Applicant, Gulf Energy Corporation, dated August 23, 1983, this matter is continued to the regularly scheduled hearing of the Board set for September 22 and 23, 1983, in Vernal, Utah.

DATED this 25th day of August, 1983.



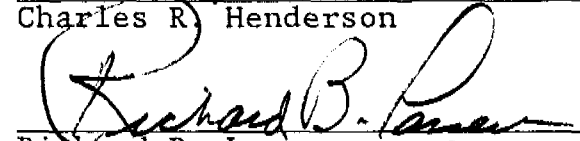
Gregory P. Williams
Chairman



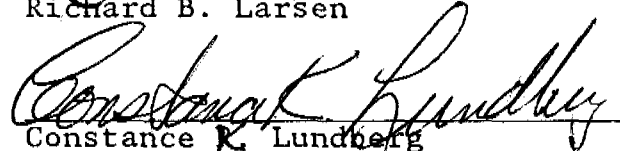
John M. Garr



Charles R. Henderson



Richard B. Larsen



Constance R. Lundberg



E. Steele McIntyre

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208-1
Cause No. 131-4

MOTION FOR CONTINUANCE

APPLICANT, Gulf Energy Corporation, by and through its attorney of record, Phillip Wm. Lear, moves the Board for an order continuing its hearing in this matter to the next regularly scheduled meeting in September, 1983. The continuance is necessary to allow Applicant additional time to prepare its evidence.

DATED this 23rd day of August, 1983.

VAN COTT, BAGLEY, CORNWALL & McCARTHY

By *Phillip Wm. Lear*
Phillip Wm. Lear
Matthew F. McNulty III
Attorneys for Applicant
Gulf Energy Corporation
50 South Main Street
Suite 1600
Salt Lake City, Utah 84144

CERTIFICATE OF MAILING

This is to certify that I mailed a true and correct copy of the foregoing Motion by United States mail this 24th day of August, 1983, to:

Amerada Hess Corporation
P.O. Box 2040
Tulsa, Oklahoma 74102

Chorney Oil Company
401 Lincoln Tower Building
Denver, Colorado 80295

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c/o Utah State Office
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