

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

IN THE MATTER OF THE PETITION *
OF TXO PRODUCTION CORP. FOR AN *
ORDER APPROVING THE LOCATION OF *
PETITIONER'S CRACKER-FEDERAL *
NO. 1 GAS WELL AS AN EXCEPTION *
TO THE GENERAL WELL SPACING *
REQUIREMENTS PROMULGATED BY *
THIS BOARD, AND LOCATED IN THE *
SE 1/4 NE 1/4 OF SECTION 8, *
TOWNSHIP 11 SOUTH, RANGE 23 *
EAST, S.L.M., UINTAH COUNTY, *
UTAH *

FINDINGS AND ORDER

Docket No. 84-050
Cause No. 210-2

Pursuant to the Petition of TXO Production Corporation, this cause came on for hearing before the Board of Oil, Gas & Mining, Department of Natural Resources and Energy, State of Utah, on Thursday, August 23, 1984, at 10 o'clock a.m. in the auditorium of the Department of Natural Resources, 1636 West North Temple, Salt Lake City, Utah. The following Board members were present:

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

Appearances were made as follows: for TXO Production

Corporation (Petitioner), John A. Harja of Hugh C. Garner & Associates, 310 South Main, Suite 1400, Salt Lake City, Utah 84101.

FINDINGS

NOW, THEREFORE, the Board having considered the testimony adduced and the exhibits reviewed in said hearing, and being fully advised in the premises, now makes and enters the following:

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by the law and the Rules and Regulations of the Board, including personal service of a Notice of Hearing upon all parties having an interest in the tracts of land contiguous to and cornering upon the subject lease as listed in Exhibit "A" of the Petition.

2. The Board has jurisdiction over the subject matter of the Petition and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The general well spacing requirements (Rule C-3 of the General Rules and Regulations promulgated by this Board), are applicable to the above described lands and provide:

"All wells drilled for . . . gas which are not within an area covered by a special area spacing rule or which are not within a pool for which drilling units have been established, shall be located not less than 500 feet from any property or lease line or from the boundary of any legal subdivision comprising a governmental quarter-quarter section . . . and not less than

1,000 feet from any oil well, or 4,960 feet from any gas well, unless otherwise specifically permitted by order of the (Board) after notice and hearing. . . ."

4. Geologic evidence indicates that the proposed location is well situated to maximize production of gas from the Wasatch formation, the primary objective.

5. Topographic evidence, including a topographic map and pictures of the proposed location, indicates the topography in the vicinity of the proposed location is extremely rugged. The proposed location is the only relatively flat piece of land in the area which is geologically suitable for drilling. Additionally, the proposed location would require little road improvement, resulting in less overall drilling cost and less overall damage to the environment.

6. Ecological evidence indicates the proposed location will be the easiest to prepare for drilling, resulting in less environmental damage, and will be much easier to revegetate after operations are completed, than other locations in the vicinity.

7. Two of the parties listed in Exhibit "A", Beartooth Oil and Gas Company and Diamond Shamrock Exploration Company, have indicated through letters addressed to the Board that they have no objection (Beartooth) and support (Diamond Shamrock) the Petition. Said letters have been introduced and admitted before the Board.

Therefore, the only practicable location for a well in the East 1/2 of Section 8 is at a point 502 feet from the East line and 1,750 feet from the North line of said section, which point is within 4,960 feet of a producing gas well located in the SE 1/4 of the NW 1/4 of Section 9, because said location results in less surface disturbance, less total cost, maximizes potential production, protects correlative rights, and prevents waste. Sufficient evidence now being available upon which to reach a decision, the Board issues the following:

ORDER


IT IS HEREBY ORDERED by this Board as follows:

Based upon the problems of geology, topography, and ecology of the area, and to protect correlative rights and avoid waste, the permitted location for the Cracker-Federal No. 1 Gas Well within the E 1/2 of Section 8, Township 11 South, Range 23 East, S.L.M., shall be at a point 502 feet from the East line and 1,750

feet from the North line of said section.


DATED this 24th day of September, 1984.

STATE OF UTAH
BOARD OF OIL, GAS & MINING



Gregory P. Williams, Chairman

APPROVED AS TO FORM:



Barbara W. Roberts
Assistant Attorney General

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DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE PETITION
OF TXO PRODUCTION CORP. FOR AN
ORDER APPROVING THE LOCATION OF
PETITIONER'S CRACKER-FEDERAL NO. 1
GAS WELL AS AN EXCEPTION TO THE
GENERAL WELL SPACING REQUIREMENTS
PROMULGATED BY THIS BOARD, AND
LOCATED IN THE SE1/4NE1/4 OF
SECTION 8, TOWNSHIP 11 SOUTH,
RANGE 23 EAST, S.L.M., UINTAH
COUNTY, UTAH

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FINDINGS AND ORDER

Docket No. 84-050
Cause No.

Petitioner's Verified Petition to allow Service by
Certified Mail was heard ex parte before Gregory P. Williams,
Chairman of the Utah Board of Oil, Gas and Mining on July 11 , 1984.
The Chairman having considered the petition and being advised in the
premises, now makes and orders the following:

FINDINGS

1. Petitioner has petitioned the Board for an Order
approving the location of its Cracker-Federal No. 1 Well as an
exception to the general well spacing requirements (Rule C-3)
promulgated by the Board.

2. The Petitioner is required to personally serve a copy of the Petition and Notice of Hearing on all persons whose property interests may be affected by the Petition.

3. Sharples and Company Properties, Samuel Butler, Jr. and Beartooth Oil and Gas Company own leasehold interests in tracts of land contiguous with and cornering on the tract involved in the Petition.

4. Said entities and individual have no officer or agents upon whom process can be served in the State of Utah.

5. Attempts to obtain personal service in Utah would therefore be to no avail.

6. Said individual and entities addresses are:

Sharples and Company Properties
1660 Lincoln Street
Denver, Colorado 80264

Samuel Butler, Jr.
1660 Lincoln Street
Denver, Colorado 80264

Beartooth Oil & Gas Company
Box 2564
Billings, Montana 59103

7. Service by certified mail is just as likely to give actual notice as service by publication.

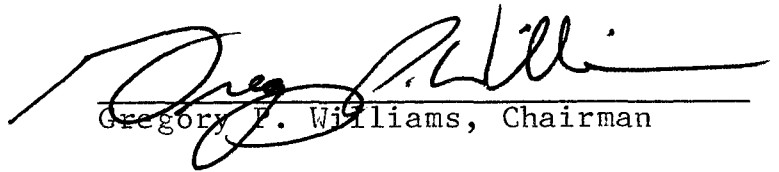
ORDER

THEREFORE, IT IS HEREBY ORDERED:

1. TXO Production Corporation's Petition to Allow Service by Certified Mail on said individual and entities is hereby granted.

DATED this 11th day of July, 1984.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Gregory F. Williams, Chairman