

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

IN THE MATTER OF THE PETITION	*	
OF TXO PRODUCTION CORPORATION	*	FINDINGS OF FACT
FOR AN ORDER ESTABLISHING 320	*	AND ORDER
ACRE DRILLING AND SPACING UNITS	*	
FOR THE WASATCH AND MESA VERDE	*	
FORMATIONS UNDERLYING SECTIONS	*	Docket No. 85-056
2, 3, 5 AND 8 OF TOWNSHIP 11	*	Cause No. 210-3
SOUTH, RANGE 23 EAST, S.L.M.,	*	
UINTAH COUNTY, UTAH.	*	
	*	

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, October 24, 1985, at 10 o'clock a.m. in the Board Room of the Division of Oil, Gas & Mining, 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah. The following Board members were present:

- Gregory P. Williams, Chairman
- James W. Carter
- Charles R. Henderson
- Richard B. Larsen
- E. Steele McIntyre

The Board was represented by Mark C. Moench, Esq., Assistant Attorney General for the State of Utah.

Appearances for the Division of Oil, Gas & Mining were made by:

Dr. Dianne Nielson, Director
Division of Oil, Gas & Mining

Ronald J. Firth, Associate
Director, Oil & Gas

John R. Baza, Petroleum Engineer

The Division was represented by Barbara W. Roberts, Assistant Attorney General for the State of Utah.

The Petitioner, TXO Production Corporation, was represented by John A. Harja and Thomas A. Mitchell of Hugh C. Garner & Associates, 310 South Main Street, Suite 1400, Salt Lake City, Utah 84101.

Testimony was given by:

Ricky J. Taylor; Geologist, for Petitioner
Russ E. Gillis; Petroleum Engineer, for Petitioner
Thomas A. Mitchell, Attorney-at-law, for Petitioner

Mr. Howard Cleavinger, district geologist with the Vernal Office of the Bureau of Land Management was present and made a statement for the record.

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:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board. The

parties specifically served with notice are listed in the Amended Exhibit "A" attached to 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 Amended Petition in this matter is a request to establish 320 acre drilling/spacing units for the Wasatch and Mesa Verde formations underlying Sections 2, 3, 5 and 8 of Township 11 South, Range 23 East, S.L.M., Uintah County, Utah. The Petition requests that the spacing units in Section 8 be oriented in a "lay down" (N1/2 and S1/2) fashion, and that the existing Cracker-Federal No. 1 well be approved as the current production well for the 320 acre unit composed of the N1/2 of Section 8. In addition, the Petition requests that the orientation (lay down or stand up) of the drilling units in Sections 2, 3, and 5 be determined after the first well is completed in each section. Finally, the Petition requests that the permitted well locations in each section be located no closer than 500 feet from the unit boundaries.

4. Pursuant to a request by the Division of Oil, Gas & Mining, Petitioner made an oral motion at the hearing (pursuant to Rule 5(b)(4)) that the requested well location provisions in the Petition be changed to the following:

- a) no closer than 1,000 feet from the unit boundaries, with a 500 foot tolerance to be approved by

the Division of Oil, Gas & Mining for topographical, geological, cultural or other reasons; and

b) a minimum of 2,500 feet between wells producing from the Wasatch and Mesa Verde formations, with a 500 foot tolerance to be administratively approved by the Division of Oil, Gas & Mining for topographical geological, cultural, or other reasons.

Requests for administrative approval of tolerances will be reviewed pursuant to Rule 302.1 of the general substantive rules governing oil and gas operations in Utah (or any other rule in effect at the time of such request). The motion to amend the Petition was granted by the Chairman.

5. Petitioner's geologic and petroleum reservoir testimony indicates that the Wasatch and Mesa Verde formations extend under all four of the subject sections, and that 320 acre spacing is appropriate for the area because 320 acre units will allow the area to be developed in the optimum manner, as well as prevent waste, prevent the drilling of unnecessary wells, and protect the correlative rights of the various mineral interest owners.

Sufficient evidence now being available upon which to reach a decision, the Board issues the following:

ORDER

1. 320 acres drilling/spacing units are hereby established for the production of hydrocarbons from the Wasatch

and Mesa Verde formations underlying Sections 2, 3, 5 and 8 of Township 11 South, Range 23 East, S.L.M., Uintah County, Utah.

2. The location for the one authorized well in each unit shall be within the area that is:

a) no closer than 1,000 feet from the unit boundaries, with a 500 foot tolerance to be approved administratively by the Division of Oil, Gas & Mining for topographical, geological, cultural or other reasons; and

b) no closer than 2,500 feet from other wells producing from the same formations, with a 500 foot tolerance to be approved administratively by the Division for topographic, geologic, cultural, or other reasons.

Requests for administrative approval of tolerances will be reviewed pursuant to Rule 302.1 of the general substantive rules governing oil and gas operations in Utah (or any other rule in effect at the time of such request).

3. The 320 acre units in Section 8, Township 11 South, Range 23 East, S.L.M. shall be lay down (N1/2 and S1/2) and the existing Cracker Federal No. 1 well shall be the current production well for the unit consisting of the N1/2 of Section 8.

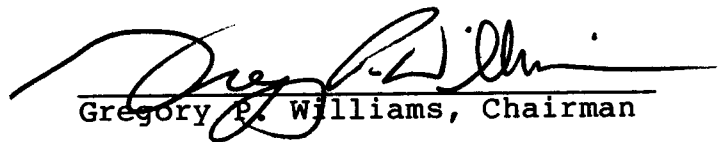
4. The orientation of the units in Sections 2, 3, and 5, Township 11 South, Range 23 East, S.L.M. shall be determined by the Division after completion of the first well in each section, pursuant to a proposal submitted at that time by the operator of the well. The orientation scheme for each section

shall become effective upon approval of the proposal by the Division.

5. The Board retains exclusive and continuing jurisdiction over all matters covered by this Order and over all parties affected thereby and particularly reserves exclusive and continuing jurisdiction to make further orders as appropriate and as authorized by statute and regulation.

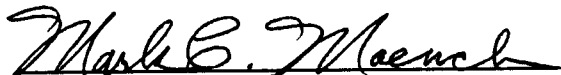
DATED this 22nd day of November, 1985.

STATE OF UTAH
BOARD OF OIL, GAS & MINING



Gregory P. Williams, Chairman

Approved as to form:



Mark C. Moench
Assistant Attorney General