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SECRETARY, BOARD OF
OIL, GAS & MINING

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

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IN THE MATTER OF THE REQUEST :	
FOR AGENCY ACTION OF WHITE :	FINDINGS OF FACT,
RIVER RESOURCE MANAGEMENT, :	CONCLUSIONS OF LAW
INC. FOR AN ORDER VACATING THE :	AND ORDER
ORDER ENTERED NOVEMBER 22, 1985 :	
IN CAUSE NO. 210-3 INSOFAR AS IT :	
APPLIES TO SECTION 2 OF TOWNSHIP :	DOCKET NO. 98-021
11 SOUTH, RANGE 23 EAST, SLM, :	CAUSE NO. 210-3(B)
UINTAH COUNTY, UTAH. :	

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This cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, January 27, 1999, at the hour of 10:00 a.m., in Salt Lake City, Utah.

The following Board members were present and participated at the hearing:

Dave D. Lauriski
Thomas B. Faddies
Jay L. Christensen
Elise L. Erler
Allan Mashburn
Stephanie Cartwright

Attending and participating on behalf of the Division of Oil, Gas and Mining (the "Division") were Lowell P. Braxton, Director, John R. Baza, Associate Director, Robert J. Krueger, Petroleum Engineer, and Brad Hill, Geologist. The Board and the Division were represented by Daniel G. Moquin, Esq., and Patrick J. O'Hara, Esq., Assistant Attorneys General, respectively. Attending and participating on behalf of the Bureau of Land Management ("BLM") was Robert Henricks, Chief-Branch of Fluid Minerals, Utah State Office.

Testifying on behalf of Petitioner White River Enterprises, LLC ("White River") was Dave Koval, Geologist. Michael S. Johnson, Esq., Pruitt, Gushee & Bachtell, appeared as attorney on behalf of White River.

No protests were received and no representative made an appearance on behalf of any other party.

The Division expressed its support of, and the BLM did not oppose, the Request for Agency Action. No statements were made at the hearing in opposition of the Request for Agency Action and no other parties appeared or participated at the hearing.

The Board, having considered the testimony presented and the exhibits received into evidence at the hearing, being fully advised, and for good cause appearing, hereby makes the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

1. The following Uintah County lands (hereinafter referred to as the "Subject Lands") were, as of the date of the hearing, subject to the spacing order entered in Cause No. 210-3 establishing 320-acre drilling units.

Township 11 South, Range 23 East, SLM

Section 2: All

2. White River is a Texas Limited Liability Company in good standing and authorized to conduct business in the State of Utah. White River owns working interests in 100% of the Subject Lands and intends to drill, complete and operate wells thereon for the production of gas.

3. The Oil and Gas Conservation Rules in effect on November 22, 1985, the date of the Order in Cause No. 210-3, provided for gas wells to be located at least 4,960' apart or equivalently, to be drilled on approximately 640-acre patterns.

4. The Petitioner in Cause No. 210-3 requested, and was granted, the ability to drill gas wells on a denser spacing pattern than was permissible under the statewide gas well location rule in effect at that time. The Board's Order in Cause No. 210-3 represented a spacing of the lands subject to that Order for gas wells, to allow one gas well to be drilled per 320-acre drilling unit.

5. On January 3, 1986, by Order in Cause No. 190-7, the Board repealed the statewide gas well location rule discussed in paragraph 3 above, and adopted, effective December 2, 1985, the statewide well location rule now in effect for both oil and gas wells. The current rule allows both oil and gas wells to be drilled on any 40-acre quarter-quarter section or equivalent tract. The transcript of the hearing in Cause No. 190-7 reflects that the change in the statewide gas well location rule was made, in part, because the former gas well location rule had discouraged development, and because the former well location requirements for gas wells was too large.

6. The evidence presented by the Petitioner in Cause No. 210-3 does not indicate that it would be inappropriate for the Subject Lands to be returned to an unspaced condition which would allow optimum flexibility to site wells within 40-acre tracts as allowed by the current well location rule.

7. White River presented geologic and engineering evidence demonstrating that 320-acre spacing for gas wells on the Subject Lands will not result in the greatest recovery of hydrocarbon substances from those lands, that the Order in Cause No. 210-3 should be vacated insofar as it applies to the Subject Lands, and that the Subject Lands should revert to the statewide well location requirements of the present Oil and Gas Conservation Rules.

8. Vacating the Board's Order in Cause No. 210-3 insofar as it applies to the Subject Lands will allow for the orderly development of those lands, prevent waste, adequately protect the correlative rights of all affected parties, result in the greatest recovery of hydrocarbon substances, and is just and reasonable under the circumstances.

9. A copy of the Request for Agency Action was mailed to the royalty, overriding royalty, working interest and other production interest owners, and operators within the Subject Lands disclosed by the appropriate Federal, State and County realty records.

10. Notice was duly published as required under Utah Admin. Code Rule R641-106-100.

11. The vote of the Board members present at the hearing in this case was unanimous in favor of granting the Request for Agency Action.

CONCLUSIONS OF LAW

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

2. The Board has jurisdiction over all matters covered by the Request for Agency Action and all interested parties therein, and has the power and authority to render the order herein set forth pursuant to Utah Code Ann. §§ 40-6-5(3)(b) and 40-6-6.

3. The Request for Agency Action satisfies all statutory and regulatory requirements for the relief sought therein and should be granted.

ORDER

Based upon the Request for Agency Action, testimony and evidence submitted, and the Findings of Fact and Conclusions of Law stated above, the Board hereby orders:

1. The Request for Agency Action in this Cause is granted.
2. The Board's Order in Cause No. 210-3 establishing 320-acre drilling units is hereby vacated insofar as it applies to the Subject Lands.
3. Well location on the Subject Lands will now be governed by Utah Admin. Code Rule R649-3-2.
4. Pursuant to Utah Admin. Code Rule R641 and Utah Code Ann. § 63-46b-6 to -10, the Board has considered and decided this matter as a formal adjudication.
5. This Findings of Fact, Conclusions of Law and Order ("Order") is based exclusively on evidence of record in the adjudicative proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, all as required by the Administrative Procedures Act, Utah Code Ann. § 63-46b-10 and Utah Administrative Code Rule R641-109.

6. Notice re: Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63-46b-10(e) to -10(g), the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order is issued. Utah Code Ann. § 63-46b-14(3)(a) and -16. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63-46b-13, entitled, "Agency review - Reconsideration," states:

(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.

Id. The Board also hereby notifies the parties that Utah Admin. Code Rule R641-110-100, which is part of a group of Board rules entitled, "Rehearing and Modification of Existing Orders," states:


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 the month.

Id. See Utah Admin. Code Rule R641-110-200 for the required contents of a Petition for Rehearing. If there is any conflict between the deadline in Utah Code Ann. § 63-46b-13 and the deadline in Utah Admin. Code Rule R641-110-100 for moving to rehear this matter, the Board hereby rules that 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 party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

7. The Board retains continuing jurisdiction over all the parties and over the subject matter of this Cause, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this Order by the Utah Supreme Court.

ISSUED this 24th day of February, 1999.

**STATE OF UTAH
BOARD OF OIL, GAS & MINING**

By: 

Dave D. Lauriski, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER for Docket No. 98-021, Cause No. 210-3(B) to be mailed, postage prepaid, this 3 day of March, 1999, to the following:

Michael S. Johnson
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Denver, CO 80202

Senator John W. Warner
c/o T-K Production Co.
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Billings, MT 59101

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Holden, Trustees of the Harold
and Eva Holden 1995 Living Trust
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Billings, MT 59102

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Salt Lake City, UT 84111

Don F. Bradshaw Family Trust
448 South 400 East
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Yates Petroleum Corporation
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Bureau of Land Management
324 S. State Street, Suite 301
Salt Lake City, UT 84111-2303

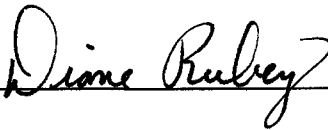
School Institutional Trust Lands Admin.
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The Board of Oil, Gas and Mining (the "Board") having fully considered White River Resource Management, Inc.'s MOTION FOR CONTINUANCE and the grounds and reasons provided therefore, and good cause appearing, hereby enters its Order granting White River's motion as follows:

Based on White River's motion, the hearing for White River's petition in the above-captioned matter is continued from the December 9, 1998 hearing to the Board's January 27, 1999 regularly scheduled hearing.

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

GRANTED this 8th day of December, 1998.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Dave D. Lauridsen, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER OF CONTINUANCE for Docket No. 98-021, Cause No. 210-3(B) to be mailed by first-class mail, postage prepaid, this 8 day of December, 1998, to the following:

Michael S. Johnson
Frederick M. MacDonald
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Attorneys for White River
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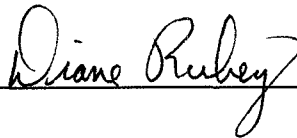
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GRANTED this ____ day of December, 1998.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

Dave D. Lauriski, Chairman