

FILED

JUL 13 1999

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 RIVER GAS)	FINDINGS OF FACT,
CORPORATION FOR AN ORDER)	CONCLUSIONS OF LAW
SUSPENDING APPLICATION OF THE)	AND ORDER
BOARD'S ORDERS ENTERED IN CAUSE NOS.)	
137-2(B) AND 243-1 AND UTAH ADMIN.)	Docket No. 99-004
CODE RULE R649-3-2 INSOFAR AS THEY)	
PERTAIN TO LANDS WITHIN THE)	Cause No. 243-2
DRUNKARDS WASH FEDERAL)	
EXPLORATORY UNIT, COVERING PORTIONS)	
OF TOWNSHIPS 14, 15 AND 16 SOUTH,)	
RANGES 8, 9 AND 10 EAST, SLM, CARBON)	
AND EMERY COUNTIES, UTAH)	

This cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, June 23, 1999, at the hour of 10:00 a.m. The following Board members were present and participated at the hearing:

Dave D. Lauriski
J. James Peacock
Raymond Murray
Elise L. Erler
Allan Mashburn; and
Stephanie Cartwright

At the commencement of the hearing, Board member Thomas B. Faddies, citing a potential conflict of interest, recused himself and did not participate. Attending and participating on behalf of the Division of Oil, Gas and Mining (the "Division") was John Baza, Associate Director – Oil and Gas. The Board and the Division were represented by Philip

C. Pugsley, 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. Attending and participating on behalf of the Utah School and Institutional Trust Lands Administration ("SITLA") was James D. Cooper, Mineral Resource Supervisor.

Testifying on behalf of Petitioner River Gas Corporation ("RGC") were Joseph L. Stephenson - Vice President-Land, and John M. Hollingshead - Petroleum Engineer. Frederick M. MacDonald, Esq., Pruitt, Gushee & Bachtell, appeared as attorney on behalf of RGC.

One letter of protest was filed by Patrick Hegarty, CPL, as purported agent of Terry Olsen, LaRue Layne, Morris Alexander and Steve Olsen, unleased mineral owners in portions of Section 5, Township 15 South, Range 10 East, SLM. Mr. Hegarty attended the hearing, stated that he had subsequently obtained leases from some or all of these parties, and entered an appearance as a consequence on his own behalf. However, during the hearing, Mr. Hegarty withdrew the protest.

The BLM and SITLA expressed their support of, and the Division stated it had no objections to, the Request for Agency Action. No other 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. RGC is an Alabama corporation in good standing in the State of Utah. RGC is a working interest owner in, and is unit operator of, the Drunkards Wash Federal Exploratory Unit (the "Unit"). After five expansions, the Unit now covers the following Carbon and Emery County, Utah lands:

Township 14 South, Range 8 East, SLM

Section 1: Lot 1 (46.77) and 2 (46.56), S $\frac{1}{2}$ NE $\frac{1}{4}$
[NE $\frac{1}{4}$]
Section 13: All
Section 14: Lots 1 (40.66), 2 (40.59), 3 (40.51)
and 4 (40.44), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 23: Lots 1 (40.38), 2 (40.35), 3 (40.31)
and 4 (40.27), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 24: All
Section 25: All
Section 26: Lots 1 (40.43), 2 (40.79), 3 (42.04)
and 4 (44.19), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 34: Lots 1 (41.08), 2 (41.07), 3 (40.87),
4 (40.88), 5 (37.83), 6 (38.03), 7
(38.16) and 8 (38.36) [S $\frac{1}{2}$]
Section 35: Lots 1 (45.04), 2 (44.19), 3 (43.69)
and 4 (43.71), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 36: All

Township 14 South, Range 9 East, SLM

- Section 2: Lots 1 (41.38), 2 (41.41), 3 (41.44)
and 4 (41.47), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
- Section 3: Lots 1 (49.54), 2 (48.48), 3 (48.42),
4 (48.35), 5 (40.78), 6 (40.01)
and 7 (38.48), S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$,
W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ [All]
- Section 4: Lots 1 (48.33), 2 (48.37), 3 (48.39)
and 4 (48.43), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
- Section 5: Lots 1 (48.31), 2 (48.06), 3 (47.80)
and 4 (47.55), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
- Section 6: Lots 1 (47.35), 2 (47.21), 3 (47.07), 4
(39.38), 5 (33.68), 6 (33.78) and 7 (33.89),
SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ [All]
- Section 7: Lots 1 (33.95), 2 (33.96), 3 (33.98) and
4 (33.99), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
- Section 8: All
- Section 9: All
- Section 10: Lots 1 (37.28), 2 (37.01), 3 (36.73)
and 4 (36.46), W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$ [All]
- Section 11: All
- Section 12: All
- Section 13: NW $\frac{1}{4}$, S $\frac{1}{2}$
- Section 14: All
- Section 15: Lots 1 (36.42), 2 (36.64), 3 (36.84)
and 4 (37.06), W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$ [All]
- Section 16: All
- Section 17: All
- Section 18: Lots 1 (34.01), 2 (34.03), 3 (34.05)
and 4 (34.07), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
- Section 19: Lots 1 (34.11), 2 (34.16), 3 (34.22)
and 4 (34.27), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
- Section 20: All
- Section 21: All
- Section 22: Lots 1 (37.06), 2 (36.85), 3 (36.65)
and 4 (36.44), W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$ [All]
- Section 23: All

Section 24: All
 Section 25: All
 Section 26: All
 Section 27: Lots 1 (36.38), 2 (36.45), 3 (36.53)
 and 4 (36.60), $W\frac{1}{2}E\frac{1}{2}$, $W\frac{1}{2}$ [All]
 Section 28: All
 Section 29: All
 Section 30: Lots 1 (34.32), 2 (34.35), 3 (34.39)
 and 4 (34.42), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 31: Lots 1 (34.47), 2 (34.52), 3 (34.58)
 and 4 (34.63), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 32: All
 Section 33: All
 Section 34: Lots 1 (36.55), 2 (36.36), 3 (37.15)
 and 4 (39.05), $W\frac{1}{2}E\frac{1}{2}$, $W\frac{1}{2}$ [All]
 Section 35: All
 Section 36: All

Township 14 South, Range 10 East, SLM

Section 18: Lots 3 (39.45) and 4 (39.67), $E\frac{1}{2}SW\frac{1}{4}$
 [$SW\frac{1}{4}$]
 Section 19: Lots 1 (39.83), 2 (39.89), 3 (39.95)
 and 4 (40.01), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 29: $W\frac{1}{2}$
 Section 30: Lots 1 (39.94), 2 (39.74), 3 (39.54)
 and 4 (39.34), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 31: Lots 1 (39.28), 2 (39.33), 3 (39.38)
 and 4 (39.43), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 32: All

Township 15 South, Range 8 East, SLM

Section 1: Lots 1 (4.96), 2 (4.62), 3 (4.66), 4 (4.70),
 5 (40), 6 (40), 7 (40), 8 (43.37), 9 (43.40),
 10 (40), 11 (40), 12 (40), 13 (43.42) and
 14 (43.45), $W\frac{1}{2}SE\frac{1}{4}$, $SW\frac{1}{4}$ [All]

- Section 2: Lots 1 (4.82), 2 (5.01), 3 (5.21), 4 (5.40)
and 5-12 (all 40), S½ [All]
- Section 3: Lots 1 (5.54), 2 (5.63), 3 (5.71), 4 (5.80)
and 5-12 (all 40), S½ [All]
- Section 10: All
- Section 11: All
- Section 12: Lots 1 (43.36), 2 (43.16), 3 (42.96),
and 4 (42.76), W½E½, W½ [All]
- Section 13: Lots 1 (42.69), 2 (42.56), 3 (42.36)
and 4 (42.04), W½E½, W½ [All]
- Section 14: All
- Section 15: All

Township 15 South, Range 9 East, SLM

- Section 1: Lots 1 (39.91), 2 (39.72), 3 (39.53)
and 4 (39.34), S½N½, S½ [All]
- Section 2: Lots 1 (39.39), 2 (39.68), 3 (39.97)
and 4 (40.26), S½N½, S½ [All]
- Section 3: Lots 1 (40.57), 2 (43.86), 3 (43.79),
4 (43.72), 5 (40.26), 6 (41.87) and 7
(42.02), SW¼NE¼, S½NW¼,
W½SE¼, SW¼ [All]
- Section 4: Lots 1 (43.74), 2 (43.86), 3 (43.98)
and 4 (44.10), S½N½, S½ [All]
- Section 5: Lots 1 (44.19), 2 (44.25), 3 (44.31)
and 4 (44.37), S½N½, S½ [All]
- Section 6: Lots 1 (44.43), 2 (44.48), 3 (44.53), 4
(42.78), 5 (38.12), 6 (38.38) and 7
(39.02), S½NE¼, SE¼NW¼,
E½SW¼, SE¼ [All]
- Section 7: Lots 1 (39.45), 2 (39.56), 3 (39.67),
4 (38.31), 5 (38.36), 6 (38.47) and 7
(38.80), NE¼, E½NW¼, NE¼SW¼,
N½SE¼ [All]
- Section 8: Lots 1 (39.74), 2 (39.21), 3 (38.95)
and 4 (38.96), N½S½, N½ [All]

Section 9: Lots 1 (41.07), 2 (43.22), 3 (43.23)
 and 4 (41.08), N $\frac{1}{2}$ S $\frac{1}{2}$, N $\frac{1}{2}$ [All]
 Section 10: Lots 1 (42.10), 2 (42.10), 3 (42.10),
 4 (41.80), 5 (39.16), 6 (39.19) and 7
 (39.73), W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$,
 NW $\frac{1}{4}$ [All]
 Section 11: All
 Section 12: All
 Section 13: All
 Section 14: All
 Section 17: All
 Section 18: Lots 1 (39.98), 2 (40.09), 3 (40.20)
 and 4 (40.31), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 19: E $\frac{1}{2}$
 Section 20: W $\frac{1}{2}$
 Section 23: NW $\frac{1}{4}$, E $\frac{1}{2}$
 Section 24: All
 Section 25: All
 Section 26: All
 Section 27: S $\frac{1}{2}$
 Section 32: All
 Section 33: All
 Section 34: All
 Section 35: All
 Section 36: All

Township 15 South, Range 10 East, SLM

Section 4: S $\frac{1}{2}$
 Section 5: Lots 2 (39.01), 3 (38.91), 4 (38.81),
 5 (2.29), 6 (2.28), 7 (2.27), 8 (4.77),
 9-38 (all 2.5), 39 (17.5), 40 (2.5), 41
 (2.5), 42 (5.0) and 43 (5.0), S $\frac{1}{2}$ NW $\frac{1}{4}$,
 SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ [All]
 Section 6: Lots 1 (38.92), 2 (39.23), 3 (39.54), 4 (39.36),
 5 (39.78), 6 (40.05) and 7 (40.32), S $\frac{1}{2}$ NE $\frac{1}{4}$,
 SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ [All]

Section 7: Lots 1 (40.43), 2 (40.37), 3 (40.31)
 and 4 (40.26), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 8: All
 Section 17: All
 Section 18: Lots 1 (40.30), 2 (40.43), 3 (40.56)
 and 4 (40.69), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 19: Lots 1 (40.80), 2 (40.88), 3 (40.96)
 and 4 (41.05), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 20: All
 Section 21: All
 Section 30: Lots 1 (41.01), 2 (40.82), 3 (40.63)
 and 4 (40.44), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 31: Lots 1 (40.30), 2 (40.21), 3 (40.13)
 and 4 (40.04), $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]

Township 16 South, Range 9 East, SLM

Section 1: Lots 1 (39.90), 2 (39.70), 3 (39.50)
 and 4 (39.30), $S\frac{1}{2}N\frac{1}{2}$, $S\frac{1}{2}$ [All]
 Section 2: Lots 1 (39.30), 2 (39.50), 3 (39.70),
 and 4 (39.90), $S\frac{1}{2}N\frac{1}{2}$, $S\frac{1}{2}$ [All]
 Section 3: Lots 1 (39.96), 2 (39.88), 3 (39.80)
 and 4 (39.72), $S\frac{1}{2}N\frac{1}{2}$, $S\frac{1}{2}$ [All]
 Section 4: Lots 1 (39.72), 2 (39.80), 3 (39.88)
 and 4 (39.96), $S\frac{1}{2}N\frac{1}{2}$, $S\frac{1}{2}$ [All]
 Section 5: Lots 1 (40), 2 (40), 3 (40) and 4 (40),
 $S\frac{1}{2}N\frac{1}{2}$, $S\frac{1}{2}$ [All]
 Section 6: Lots 1 (40), 2 (40), 3 (40), 4 (40), 5 (40),
 6 (40), and 7 (40), $SE\frac{1}{4}NW\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$,
 $E\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}$ [All]
 Section 7: Lots 1 (40), 2 (40), 3 (40), and 4 (40),
 $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$ [All]
 Section 8: All
 Section 9: All
 Section 10: All
 Section 11: All
 Section 12: All
 Section 16: All

Section 17: All
 Section 18: Lots 1 (40), 2 (40), 3 (40), and 4 (40),
 E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 19: Lots 1 (40), 2 (40), 3 (40) and 4 (40),
 E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 20: All
 Section 21: All
 Section 28: All
 Section 29: All
 Section 30: Lots 1 (40), 2 (40), 3 (40) and 4 (40),
 E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 31: Lots 1 (39.77), 2 (39.31), 3 (38.85)
 and 4 (38.39), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 32: All
 Section 33: All

Township 16 South, Range 10 East, SLM

Section 6: Lots 1 (36.55), 2 (36.46), 3 (36.37),
 5 (39.93), 6 (39.89), 7 (39.86) and 8
 (38.17), S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$,
 E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ [All]

(hereinafter the "Unit Area").

2. The Drunkards Wash Unit Agreement was approved by the BLM effective December 28, 1990. Pursuant to its terms, all oil and gas in all geologic formations of tracts committed to the Unit are unitized. Paragraph 16 of the Unit Agreement expressly requires RGC, as Unit operator, to produce unitized substances, and conduct all operations to provide for the most economical and efficient recovery of said substances, without waste, as defined by or pursuant to State or Federal law or regulation.

3. Well location and density patterns within the Unit Area are determined in accordance with the terms of the Unit Agreement and, in particular, the annual plans of Unit development approved by the BLM. Drilling applications are approved by both the BLM and DOGM.

4. The conservation of oil and gas and the prevention of waste is accomplished by operations conducted in accordance with the terms of the Unit Agreement.

5. By Order entered on February 25, 1982 in Cause No. 137-2(B), the Board established 160 acre (or substantial equivalent thereof) drilling and spacing units for the production of gas from the Ferron, Mancos, Dakota and Morrison formations underlying the following lands which are within the Unit Area:

Township 15 South, Range 10 East, SLM

Section 17:	All
Section 18:	Lots 1 (40.30), 2 (40.43), 3 (40.56) and 4 (40.69), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 19:	Lots 1 (40.80), 2 (40.88), 3 (40.96) and 4 (41.05), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 20:	All
Section 21:	All
Section 30:	Lots 1 (41.01), 2 (40.82), 3 (40.63) and 4 (40.44), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 31:	Lots 1 (40.30), 2 (40.21), 3 (40.13) and 4 (40.04), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]

(hereinafter the "137-2(B) Lands"), among other lands, and decreed that all future wells be drilled no closer 1,000 feet from a drilling unit boundary.

6. By Order entered in October 13, 1998 in Cause No. 243-1, the Board established 160 acre (or substantial equivalent thereof) drilling and spacing units for the production of gas, including but not limited to coalbed methane, from the Ferron formation (including all coals and surrounding sands) underlying the following lands which are within the Unit Area:

Township 14 South, Range 8 East, SLM

Section 13:	All
Section 14:	Lots 1 (40.66), 2 (40.59), 3 (40.51), and 4 (40.44), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 23:	Lots 1 (40.38), 2 (40.35), 3 (40.31) and 4 (40.27), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 24:	All
Section 25:	All
Section 26:	Lots 1 (40.43), 2 (40.79), 3 (42.04) and 4 (44.19), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 35:	Lots 1 (45.04), 2 (44.19), 3 (43.69) and 4 (43.71), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]

Township 14 South, Range 9 East, SLM

Section 2:	Lots 1 (41.38), 2 (41.41), 3 (41.44) and 4 (41.47), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
Section 3:	Lots 1 (49.54), 2 (48.48), 3 (48.42), 4 (48.35), 5 (40.78), 6 (40.01) and 7 (38.48), S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ [All]
Section 4:	Lots 1 (48.33), 2 (48.37), 3 (48.39) and 4 (48.43), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]

Section 5: Lots 1 (48.31), 2 (48.06), 3 (47.80)
and 4 (47.55), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
Section 6: Lots 1 (47.35), 2 (47.21), 3 (47.07), 4
(39.38), 5 (33.68), 6 (33.78) and 7 (33.89),
SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ [All]
Section 7: Lots 1 (33.95), 2 (33.96), 3 (33.98) and 4
(33.99), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
Section 8: All
Section 18: Lots 1 (34.01), and 2 (34.03), E $\frac{1}{2}$ NW $\frac{1}{4}$,
NE $\frac{1}{4}$ [N $\frac{1}{2}$]

Township 15 South, Range 8 East, SLM

Section 1: Lots 1 (4.96), 2 (4.62), 3 (4.66), 4 (4.70),
5 (40), 6 (40), 7 (40), 8 (43.37), 9 (43.40),
10 (40), 11 (40), 12 (40), 13 (43.42) and 14
(43.45), W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ [All]
Section 2: Lots 1 (4.82), 2 (5.01), 3 (5.21), 4 (5.40) and
5-12 (all 40), S $\frac{1}{2}$ [All]
Section 3: Lots 1 (5.54), 2 (5.63), 3 (5.71), 4 (5.80) and
5-12 (all 40), S $\frac{1}{2}$ [All]
Section 10: All
Section 11: All
Section 12: Lots 1 (43.36), 2 (43.16), 3 (42.96) and 4
(42.76), W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$ [All]
Section 13: Lots 1 (42.69), 2 (42.56), 3 (42.36) and 4
(42.04), W $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$ [All]
Section 14: All
Section 15: All

Township 15 South, Range 9 East, SLM

Section 6: Lots 3 (44.53), 4 (42.78), 5 (38.12), 6
(38.38), and 7 (39.02), SE $\frac{1}{4}$ NW $\frac{1}{4}$,
E $\frac{1}{2}$ SW $\frac{1}{4}$ [W $\frac{1}{2}$]
Section 7: Lots 1 (39.45), 2 (39.56), 3 (39.67), 4
(38.31) and 5 (38.36), NE $\frac{1}{4}$ SW $\frac{1}{4}$,
E $\frac{1}{2}$ NW $\frac{1}{4}$ [W $\frac{1}{2}$]

Section 9: Lots 1 (41.07) and 2 (43.22), N $\frac{1}{2}$ SE $\frac{1}{4}$
 [SE $\frac{1}{4}$]
 Section 18: Lots 1 (39.98), 2 (40.09), 3 (40.20) and 4
 (40.31), E $\frac{1}{2}$ W $\frac{1}{2}$ [W $\frac{1}{2}$]
 Section 26: W $\frac{1}{2}$
 Section 27: S $\frac{1}{2}$
 Section 32: All
 Section 33: All
 Section 34: All

Township 16 South, Range 9 East, SLM

Section 1: Lots 1 (39.90), and 2 (39.70), S $\frac{1}{2}$ NE $\frac{1}{4}$,
 SE $\frac{1}{4}$ [E $\frac{1}{2}$]
 Section 3: Lots 1 (39.96), 2 (39.88), 3 (39.80) and 4
 (39.72), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
 Section 4: Lots 1 (39.72), 2 (39.80), 3 (39.88) and 4
 (39.96), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
 Section 5: Lots 1 (40), 2 (40), 3 (40), and 4 (40),
 S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ [All]
 Section 6: Lots 1 (40), 2 (40), 3 (40), 4 (40), 5 (40),
 6 (40) and 7 (40), SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$,
 E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ [All]
 Section 7: Lots 1 (40), 2 (40), 3 (40) and 4 (40),
 E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 8: All
 Section 9: All
 Section 10: All
 Section 11: All
 Section 12: All
 Section 16: All
 Section 17: All
 Section 18: Lots 1 (40), 2 (40), 3 (40) and 4 (40),
 E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 19: Lots 1 (40), 2 (40), 3 (40), and 4 (40),
 E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ [All]
 Section 20: All
 Section 21: All

Section 28:	All
Section 29:	All
Section 30:	Lots 1 (40), 2 (40), 3 (40), and 4 (40), E½W½, E½ [All]
Section 31:	Lots 1 (39.77), 2 (39.31), 3 (38.85) and 4 (38.39), E½W½, E½ [All]
Section 32:	All
Section 33:	All

(hereinafter the "243-1 Lands"), among other lands, and decreed that the permitted well for each such unit be no closer than 660 feet from the outer boundary of the unit and no closer than 1,320 feet from a well completed and producing from the Ferron formation unless otherwise approved by the Division of Oil, Gas and Mining (the "Division") in accordance with Utah Admin. Code Rule R649-3-3.

7. All remaining lands within the Unit Area were, at the time of the hearing, not subject to any Board spacing order and therefore were subject to the general statewide well siting rule set forth in Utah Admin. Code Rule R649-3-2.

8. With the concurrence of the BLM and the Division, RGC has drilled numerous wells within the Unit Area in accordance with the terms of the Unit Agreement and annual plans of Unit development approved by the BLM. Applications for permits to drill were approved by the BLM and the Division. Some of the wells were not drilled in conformance with the location requirements under the Order entered in Cause No. 137-2(B) and 243-1 or the general well siting rule (notwithstanding the Division's approval) but such nonconformance has not affected the conservation of oil or gas or caused waste.

9. Suspension of the Order in Cause No. 137-2(B) as to the 137-2(B) Lands, the Order in Cause No. 243-1 as to the 243-1 Lands, and Utah Admin. Code Rule R649-3-2 as to the remaining lands within Unit Area is fair, reasonable and justified; provided, however, that no future well may be drilled closer than 460 feet from the boundary of the Unit Area or from the boundary of any uncommitted tract within the Unit Area without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3.

10. A copy of the Request for Agency Action was mailed to all owners within the offsetting drilling units created under the Orders in Cause Nos. 137-2(B) and 243-1 but not within the Unit Area, and to all unleased, uncommitted owners within the 137-2(B) Lands and 243-1 Lands as disclosed by the appropriate Federal, State and County realty records.

11. Notice was duly published as required by Utah Admin. Code Rule R641-106-100.

12. The vote of the Board members present in the hearing and in this cause 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 Anno. § 40-6-5(3)(b) and Utah Admin. Code Rule R649-2-3.

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 state above, the Board hereby orders:

1. The Request for Agency Action in this cause is granted.
2. The Board's Order entered in Cause No. 137-2(B) as to the 137-2(B) Lands, the Board's Order entered in Cause No. 243-1 as to the 243-1 Lands, and Utah Admin. Code Rule R649-3-2 as to the remaining lands within the Unit Area are suspended. Upon Unit contraction or termination, lands eliminated from the Unit shall once again become

subject to the Board's Orders in Cause Nos. 137-2(B) or 243-1, or Utah Admin. Code Rule R649-3-2, as applicable.

3. The locations of all wells currently within the Unit Area are approved and deemed lawful.

4. No future well may be located closer than 460 feet from the boundary of the Unit Area or from the boundary of an uncommitted tract within the Unit Area without administrative approval of the Division in accordance with Utah Admin. Code Rule R649-3-3.

5. 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.

6. This Findings of Fact, Conclusion 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.

7. 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 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.

8. 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.

JUL-12-99 SUN 03:49 PM

D. OF OIL GAS MINING


FAX NO. 3593940

P.21/21

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

ISSUED this 13th day of July, 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. 99-004, Cause No. 243-2 to be mailed, postage prepaid, this 14 day of July, 1999, to the following:

Frederick M. MacDonald
PRUITT, GUSHEE & BACHTELL
Attorneys for River Gas Corporation
1850 Beneficial Life Tower
Salt Lake City, UT 84111

Patrick J. O'Hara
Attorney for Division of
Oil, Gas & Mining
160 East 300 South, 5th Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

Philip C. Pugsley
Attorney for Board of Oil, Gas & Mining
160 East 300 South, 5th Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

John Baza
Associate Director, Oil & Gas
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116
(Hand Delivered)

River Gas Corporation
Attn: Randy Allen, General Counsel
511 Energy Center Blvd.
Northport, AL 35473

United States of America
Bureau of Land Management
324 South State, Suite 301
Salt Lake City, UT 84111-2303

Patrick Hegarty
Hegarty & Associates
P.O. Box 1317
Aztec, NM 87410

FL Energy Corporation
2020 East 3300 South, #26
Salt Lake City, UT 84109

Texaco Exploration and Production, Inc.
P.O. Box 2100
Denver, CO 80201

Phillips Petroleum Corporation
P.O. Box 1967
Houston, TX 77251-1967

School and Institutional Trust
Lands Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102

Anadarko Petroleum Corporation
P.O. Box 1330
Houston, TX 77251-1330

Brownwell Corporation
235 Madisen Road
Scarsdale, NY 10583

Fleet Energy, LLC
2450 Fondren, Suite 310
Houston, TX 77063

Zimmerman Well Service
4081 Sunnydale Drive
Moab, UT 84532

Henry A. Alker
Box 194001
San Francisco, CA 94119

Castle Valley Limited Partnership
158 Lafayette Street
Schenectady, NY 12305

Dominion Reserves-Utah, Inc.
Riverfront Plaza, West Tower
901 E. Byrd St.
Richmond, VA 23261

EEX Corporation
2500 City West Blvd., Suite 1400
Houston, TX 77042

Ervin and Violet Feichko
1210 East 5500 South
Price, UT 84501

Walter Duncan, Inc., J. Walter Duncan
and Vincent J. Duncan
600 17th Street, Suite 2630
South Tower
Denver, CO 80202-5426

L. J. Bell and Arlene Edgar
414 W. Texas #208
Midland, TX 79701

ANR Company, Inc.
3212 S. State Street
Salt Lake City, UT 84115

Donald M. Phillips and Revelle D.
Phillips, Trustees of the RevDon
Trust dated 4/14/86
P.O. Box 6908
Albuquerque, NM 87197

Scott Stella
722 Royal St.
Helper, UT 84526

Pierre D. Phillips, Trustee of the
Pierre D. Phillips Trust No. 1
dated 6/25/82
525 Webster Street, #A
Petaluma, CA 94952-2455

Danna Damron
489 W. Stake Farm Rd.
Price, UT 84501-8206

Petrogulf Corporation
518 17th St., Suite 1455
Denver, CO 80202

Paul M. Phillips, Trustee of
the Paul and Betty Phillips Trust
dated 12/03/86
6210 Mesita Drive
San Diego, CA 92115-2525

Devon C. Oliver and Pearl M.
Oliver, Trustees of the Devon C.
Oliver Family Trust dated 5/23/88
1501 W. Gordon Creek Rd.
Price, UT 84501-4611

John W. Phillips
P.O. Box 1059
Menlo Park, CA 94206

Wilma M. Phillips and
Barbara McSpadden Phillips Blewett,
individually and as Co-Trustees of the
Judith Cruz Trust
P.O. Box 19602
Portland, OR 97280-0602

Wilma M. Phillips and Judith Rae
Jacobs Cruz, individually and as
Co-Trustees of the Barbara Blewett Trust
P.O. Box 19602
Portland, OR 97280-0602

David L. Zaccaria and Ann Marie
Zaccaria, individually and as Trustees
of the Ann Marie Zaccaria Trust
1699 W. 430 North
Price, UT 84501

Cyprus Western Coal Company
9100 East Mineral Circle
P.O. Box 3299
Englewood, CO 80155

Melody K. Anderson
1525 West 430 North
Price, UT 84501

Betty June Wheeler, Trustee of the
Barbara A. Penovich Family Living
Trust dated 6/30/80
233 North 600 East
Price, UT 84501

Sherrie A. Dillon
3425 S. Sherman St., Apt. 302
Englewood, CO 80110

Warren E. Dillon
541 29½ Road, Apt. 104
Grand Junction, CO 81504

Carbon County
120 East Main Street
Price, UT 84501

Stefan B. and Kelly Ann Feichko
1200 East 5500 South
Price, UT 84501

Thelma Neilson Newman
305 East 300 North
Monroe, UT 84754

Claude R. and Edith M. Pierce
2135 North 1290 West
Helper, UT 84526

Kenneth Pierce
54 South 1060 East
Spanish Fork, UT 84660

Doris Baldwin
3179 East U.S. Hwy. 50 & 6
P.O. Box 284
Wellington, UT 84542

Claudia Marietti
685 South Elm St.
Price, UT 84501

Larry M. Pierce
5832 Upper Miller Creek Road
Price, UT 84501

Larry M. and Lola M. Pierce
5832 South 1500 East
RR 3 Box 162
Price, UT 84501

John I. Hanna and James V. Hanna
1830 East 5000 South
Price, UT 84501-8010

Jack and Joyce Chiaretta
5878 South 1500 East
Price, UT 84501

Jane Keele, Cory J. Keele and Bobbi
Jo Taylor, all apparent heirs of
Joseph F. Keele
P.O. Box 904
Roanoke, AL 36274

Roger K. McKinnon, Jr., Roger K.
McKinnon and Rose A. McKinnon
275 North Carbon Ave.
Price, UT 84501

Zions First National Bank, Trustee
of the Mackroy Oil Company Trust
P.O. Box 30880
Salt Lake City, UT 84130

Betty D. Powell, Trustee of the Marital
Trust Portion of the Alma O. Powell
Family Trust dated March 14, 1981
186 North 400 West
Price, UT 84501

Brent A. Powell and Doreen Strong,
Trustees of the Family Trust Portion
of the Alma O. Powell Family Trust
dated March 14th
186 North 400 West
Price, UT 84501

Scott Lee Davis
7010 South 1500 East
Price, UT 84501

Claude Douglas Easton
5801 South 1500 East
Price, UT 84501

Dewitt D. and Beverly Cotner
8416 Upper Miller Creek Road
Rt. 1, Box 172
Price, UT 84501

Donna Christensen
390 North 700 East
Price, UT 84501

Rissa Staker, apparent heir of
Melvin J. Staker
1443 Connie Way
Taylorsville, UT 84123-0756

R. W. Slemaker
c/o Slemaker Royalty
P.O. Box 52236
Tulsa, OK 74152

Velma Duncan
600 17th Street, Suite 2630
South Tower
Denver, CO 80202-5426