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OCT 04 2017

**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 KGH OPERATING
COMPANY FOR AN ORDER
ESTABLISHING A TEMPORARY
SPACING UNIT ENCOMPASSING ALL OF
SECTIONS 20, 29, AND 31, AND LOTS 1-9
AND THE SE¼NW¼, SW¼, AND N½SE¼
OF SECTION 32, TOWNSHIP 9 SOUTH,
RANGE 25 EAST, S.L.M., Uintah
COUNTY, UTAH, AND APPROVING AN
EXCEPTION LOCATION FOR THE
BONANZA STATE 20-15H EXTENDED
LATERAL HORIZONTAL WELL
LOCATED IN THOSE LANDS**

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

Docket No. 2017-022

Cause No. 179-18

This Cause came on regularly for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, August 23, 2017, at the hour of approximately 1:00 p.m. in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah. The following Board members were present at the hearing: Ruland J Gill, Jr., Chairman, Carl F. Kendell, Chris D. Hansen, Michael R. Brown, Susan S. Davis, Gordon L. Moon, and Richard K. Borden. John C. Rogers, Associate Director, Oil and Gas; Brad Hill, Oil and Gas Permitting Manager; and Dustin Doucet, Petroleum Engineer, were present for the Division of Oil, Gas and Mining (the "Division"). The Board was represented by Michael S. Johnson, Assistant Attorney General, and the Division was represented by Steven F. Alder, Assistant Attorney General.

The petitioner, KGH Operating Company (“KGH”) was represented by Thomas W. Clawson of MacDonald & Miller, Mineral Legal Services, PLLC. Mr. Clawson also represented Whiting Oil and Gas Corporation (“Whiting”), KGH’s agent for the purposes of KGH’s Request for Agency Action filed in this Cause (the “Request”) and the hearing. Scott McDaniel, Whiting’s Regional Landman; Larry Rasmussen, Whiting’s Geologist; Thomas M. Hauptman, KGH’s President; and Ralph L. Nelms, Whiting’s Petroleum Engineer, testified on behalf of the petitioner and Whiting. Mr. Rasmussen was recognized by the Board as an expert for the purposes of geological analysis and interpretation, and Mr. Nelms was recognized by the Board as an expert for purposes of reservoir engineering.

On August 8, 2017, KGH filed its Motion to File Request for Agency Action Out of Time (“KGH’s Motion”). The Request was attached to and incorporated into KGH’s Motion. KGH’s Motion requested the Board to enter an order permitting KGH to file the Request out of time and setting the Request for hearing at the Board’s August 23, 2017 hearing. KGH’s Motion also requested that notice of its Request be published in the Salt Lake Tribune and Deseret Morning News on Sunday, August 13, 2017, and The Vernal Express on Tuesday, August 15, 2017 (the earliest dates following the filing of KGH’s Motion that such publications were possible). KGH’s Motion further requested that all objections or responses to the mailed copies of the Request be filed and served no later than August 22, 2017, and that objections or responses to the Request based on the published notice be filed and served no later than August 30, 2017. Finally, KGH’s Motion also asked that a hearing examiner be appointed to hear the objections, if any, filed after the hearing and prior to August 30, 2017.

Also on August 8, 2017, the Division filed its Objection to KGH's Motion. The Division principally was concerned about it having sufficient time to make an adequate evaluation and review of the Request before the August 23, 2017 hearing. KGH filed its Response to the Division's Objection on August 9, 2017.

The Board granted KGH's Motion on August 10, 2017, with the stipulation that the Division could seek a continuance at the close of the August 23, 2017 hearing in this Cause if it deemed it necessary.

On August 21, 2017, the Division filed its Memorandum of the same date (the "Division's Memorandum") stating the Division's concerns with the Request. On August 22, 2017, the State of Utah, School and Institutional Trust Lands Administration ("SITLA") filed a letter of the same date in support of the Board granting the Request. LaVonne Garrison, SITLA's Assistant Director, Oil and Gas, appeared on behalf of SITLA at the August 23, 2017 hearing and expressed SITLA's support for the Board granting the Request. Other than KGH, the Division, and SITLA, no other person or party filed a response to the Request, and no other person or party appeared at or participated in the August 23, 2017 hearing.

The Board, having fully considered the testimony adduced and exhibits received and admitted into evidence at the August 23, 2017 hearing, being fully advised, and good cause appearing, hereby makes the following findings of fact, conclusions of law, and order in this Cause:

FINDINGS OF FACT

1. Notices of the time, place, and purposes of the Board's regularly scheduled August 23, 2017 hearing were mailed to all interested parties by first-class mail, postage prepaid, and were

duly published in the Salt Lake Tribune, Deseret Morning News, and Uintah Basin Standard (a newspaper of general circulation in Uintah County) pursuant to the requirements of Utah Administrative Code (“U.A.C.”) Rule R641-106-100, as modified by the Board’s August 10, 2017 order granting KGH’s Motion. The notices published in the Salt Lake Tribune and Deseret Morning News on August 13, 2017, and in the Uintah Basin Standard on August 15, 2017, erroneously stated the location of the Board’s August 23, 2017 hearing as the Council Chambers of the Vernal City Offices in Vernal, Utah. Notices with the correct hearing location were re-published in the Salt Lake Tribune and Deseret Morning News on Sunday, August 20, 2017, and in the Uintah Basin Standard on Tuesday, August 22, 2017. The Board’s Secretary verified that no person or party appeared at the Council Chambers of the Vernal City Offices at 10:00 a.m. on August 23, 2017, intending to be present at the Board’s hearing in this Cause. All of the published notices correctly stated that objections to the Request must be filed with the Board’s Secretary no later than August 30, 2017. Copies of the Request were mailed to all interested parties pursuant to U.A.C. Rule R641-104-135.

2. Other than the Division’s Memorandum and the aforementioned letter dated August 22, 2017, from SITLA, no written responses, protests, or objections to the Request were filed with or received by the Division or the Board as of the hearing, and no persons or parties appeared at, or participated in, the August 23, 2017 hearing in opposition to KGH’s Request in this matter. No objections were received subsequent to the hearing and prior to August 30, 2017. Petitioner KGH, Whiting’s witnesses, SITLA’s representative, and the Division’s attorney and staff were the only persons or parties who attended or participated in the August 23, 2017 hearing in this Cause.

3. KGH is a Montana corporation in good standing, having its principal place of business in Billings, Montana. KGH is qualified to and is doing business in Utah, and is fully and appropriately bonded with all relevant State of Utah agencies. KGH is the designated operator for the "Subject Well" (as defined herein) under the "Unit Agreement" (also as defined herein).

4. Whiting is KGH's contract operator for the Subject Well and is KGH's agent regarding that well, the Request, and the hearing in this Cause. Whiting is a Delaware corporation in good standing, having its principal place of business in Denver, Colorado. Whiting is qualified to and is doing business in Utah, and is fully and appropriately bonded with all relevant State of Utah agencies.

5. The Request asks the Board to approve an exception location for the Bonanza State 20-15H Well (the "Subject Well"), a horizontal well, with its surface location to be located on SITLA-owned lands in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 20 and its terminus located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of subject Section 31, more than 660 feet from the South section line, constituting a total lateral length of approximately 2.2 miles. The proposed wellbore passes through portions of subject Sections 20, 29, 31, and 32, and passes less than 660 feet from the southeast corner of nearby Section 30 located in the same township and range as the Subject Lands.

6. The Request also asks the Board to establish a temporary spacing unit pursuant to U.A.C. Rules R649-3-2 and R649-3-3 that includes all of the lands in each 640-acre (or substantial equivalent thereof) governmental section through which the Subject Well will be drilled, excepting certain lands in the SE $\frac{1}{4}$ of subject Section 32 owned by certain Indian allottees. The lands to be included in the proposed temporary spacing unit include the following lands (the "Subject Lands"):

Township 9 South, Range 25 East, S.L.M.

Section 20: All
Section 29: All
Section 31: All
Section 32: Lots 1-9, SE $\frac{1}{4}$ NW $\frac{1}{4}$,
SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$

(containing 2,514 acres, more or less.)

7. The oil and gas in the Subject Lands are subject to the following SITLA mineral leases (the "SITLA Leases"):

(a) ML-52859 affecting all of subject Section 20 (among other lands) covering 640.00 acres in that section;

(b) ML-52862 affecting portions of subject Section 29 covering 617.92 acres in that section;

(c) ML-52864 affecting portions of subject Section 31 covering 622.17 acres in that section; and

(d) ML-52865 affecting portions of subject Section 32 covering 577.70 acres in that section.

The remaining Subject Lands are subject to a fee oil and gas lease covering several patented mining claims (gilsonite veins) owned by Bonanza Royalties, LLC (together with the SITLA Leases, the "Subject Leases").

8. The working interests in the Subject Leases are owned as follows:

(a) Whiting – 75.00%

(b) T-K Production Company – 21.00%

- (c) Remuda Energy Development LLC – 1.625%
- (d) AME Production Company – 0.500%
- (e) B & E Pinkerton, LLC – 0.500%
- (f) DAHD, Inc. – 0.500%
- (g) Snake Oil Sales, LLC – 0.500%
- (h) Triple J Production, Inc. – 0.250%
- (i) SAKA, LLC – 0.125%

All of the “Owners” (as defined by U.A.C. Rule R649-1-1) in the Subject Lands have consented, in writing, to drilling the Subject Well as proposed. The above-stated working interest ownerships in the SITLA Leases are subject to SITLA’s administrative approval of certain assignments of the SITLA Leases from T-K Production Company (“T-K”) to the other listed working interest owners. The assignments have been filed with SITLA and SITLA’s approval is pending. Until such assignments are approved by SITLA, T-K is the recognized lessee under the SITLA Leases. Based on Thomas M. Hauptman’s testimony at the August 23, 2017 hearing, T-K fully supports drilling the Subject Well as proposed and the Board granting the Request. Mr. Hauptman is T-K Production Company’s President. T-K also is the Owner under certain fee oil and gas leases in the N½ of Section 6, Township 10 South, Range 25 East, directly adjacent to subject Section 31. T-K also consents to the drilling of the Subject Well as the Owner of those interests.

9. The Subject Well is proposed as an extended lateral horizontal well designed to test the basal Lower Prairie Canyon (Mancos B) Formation at a depth of approximately 7,500 feet. The Mancos B is believed to be susceptible to horizontal drilling and completion techniques and

is productive in other lands in the vicinity of the Subject Lands. The proposed depth of the Subject Well will ensure that it does not interfere with the gilsonite veins within the Subject Lands. Those gilsonite minerals are separated from the Subject Well by approximately 5,000 to 6,000 feet of intervening sediments.

10. The Subject Lands currently are not subject to any order of the Board establishing a drilling unit pursuant to Section 40-6-6 of the Utah Code. Consequently, the general well siting regulations contained in U.A.C. Rule R649-3-2 are applicable.

11. U.A.C. Rule R649-3-2(6) provides:

A temporary six hundred and forty (640) acre spacing unit, consisting of the governmental section in which the horizontal well is located, is established for the orderly development of the anticipated pool.

A “temporary spacing unit” is defined in U.A.C. Rule R649-1-1 as follows:

“Temporary Spacing Unit” means a specified area of land designated by the board for purposes of determining well density and location. A temporary spacing unit shall not be a drilling unit as provided for in U.C.A. 40-6-6, Drilling Units, and does not provide a basis for pooling the interests therein as does a drilling unit.

U.A.C. Rule R649-3-2(9) provides:

Exceptions to any of the above referenced conditions of 3 through 7 may be approved upon proper application pursuant to R649-3-3, Exception to Location and Siting of Wells, or R649-10, Administrative Procedures.

12. The Board by approving the exception location for the Subject Well also exercises its discretion to make an exception to U.A.C. Rule R649-3-2(6) that otherwise would establish a temporary spacing unit for each section in which the Subject Well is located. However, certain lands and oil and gas minerals located in the southeast corner of subject Section 32 (T9S-R25E), which would be included in a temporary spacing unit under Rule R649-3-2(6), are not included within the Subject Lands. Such lands and minerals are owned by Indian allottees. Notice of the Request and the Board's August 23, 2017 hearing was mailed to the Bureau of Indian Affairs (BIA) on behalf of the allottees and to the allottees individually. It is KGH's intent that the Indian allottees and the Indian lands or minerals not be included in the proposed temporary spacing unit and that they not be subject to the Request. Approval of a temporary spacing unit that excludes the allottee lands is a reasonable exception to Rule R649-3-2(6) because notice was provided to the owners of those minerals, no objections were received, and Whiting's evidence supports a reasonable expectation that the Subject Well will not drain oil or gas from the lands excluded from the temporary spacing unit due to the distance of those lands from the wellbore of the Subject Well.

13. The working interest owners as identified in Finding of Fact No. 8 herein are all of the "Owners" in the requested temporary spacing unit consisting of the Subject Lands.

14. U.A.C. Rule R649-1-1 defines "Owner" as follows:

"Owner" means the person who has the right to drill into and produce from a reservoir and to appropriate the oil and gas that he produces, either for himself or for himself and others.

15. All of the Subject Leases assign to the pertinent lessees the exclusive right to drill into and produce the leased oil and gas minerals from the leased premises.

16. All of the Subject Lands, as well as the Subject Well, are subject to a voluntary pooling agreement, the Bonanza State Unit Agreement (the "Unit Agreement"). The Unit Agreement is a voluntary exploratory-type unit agreement that is administered by SITLA, which encompasses approximately 17,708.19 acres located in Uintah County, Utah. All of the working interest owners identified above in Finding of Fact No. 8 herein, both lessors under the Subject Leases, and all owners of overriding royalty interests in the Subject Lands and Leases have executed, ratified, or joined the Unit Agreement.

17. For the purposes of the Request and the hearing in this Cause, the Unit Agreement is a voluntary pooling agreement amongst the parties thereto. KGH did not ask the Board to approve either the Unit Agreement or the Bonanza State Unit Operating Agreement, and the Board did not approve either agreement. Neither the Division nor the Board is a party to the Unit Agreement and neither the Division nor the Board is bound by the Unit Agreement's terms or conditions. Section 40-6-2(19) of the Utah Code defines "Pooling" as: "[T]he bringing together of separately owned interests for the common development and operation of a drilling unit." The proposed temporary spacing unit comprising the Subject Lands is not a drilling unit under Section 40-6-6 of the Utah Code. To the extent that the Unit Agreement purports to delegate to SITLA or to in any other way supersede or supplant the authority of the Board to determine well locations and/or well density for the Subject Lands, the Board expressly determines that the Unit Agreement

cannot delegate any of the Board's authority to determine well locations or well density and any such purported determinations under the Unit Agreement are invalid and unenforceable.

18. On July 8, 2017, Whiting submitted its original application for permit to drill (APD) for the Subject Well with the Division. As submitted, the proposed path of the wellbore for the Subject Well is not in conformance with U.A.C. Rule R649-3-2 in that the proposed well path traverses four governmental sections and passes less than 660 feet to the southeast corner of nearby Section 30, Township 9 South, Range 25 East. KGH and Whiting mistakenly believed that, because the Subject Well is in the Bonanza State Unit Area, certain of the conditions for horizontal wells under U.A.C. Rule R649-3-2 would be exempt under U.A.C. Rule R649-3-2(8). On or about July 22, 2017, the Division advised Whiting that it would not be able to approve the APD as submitted, and that Whiting would have to seek appropriate relief from the Board before the Division could approve the APD. Rule R649-3-3(8), U.A.C., provides: "Horizontal wells to be located within federally supervised units are exempt from the above referenced conditions of 5 [1,320 feet from a vertical well completed in the same formation], 6 [temporary 640-acre spacing unit] and 7 [notice of APD to be given by certified mail to all owners within boundaries of the temporary spacing unit]." (underlining added).

19. Whiting's witnesses testified that drilling the Subject Well as proposed requires a strong top-drive drilling rig capable of drilling the proposed approximate 2.2-mile lateral-leg. Whiting currently has a contract with such a rig, and wishes to use that rig to drill the Subject Well based on Whiting's experience with the rig and its crew. However, Whiting's contract for that rig expires at the end of the day on September 30, 2017. Drilling the Subject Well beyond the

expiration of the drilling contract will result in a significant increase in the drilling costs for the well.

20. KGH filed its Motion and attached Request on August 8, 2017, asking the Board to hear the Request during its regularly scheduled August 23, 2017 hearing. The regular filing date for the Board's August 23, 2017 hearing was July 10, 2017. KGH filed for the exceptional relief to avoid the additional drilling costs and expenses for the Subject Well if the drilling parties must wait until the Board's regularly scheduled September 27, 2017 hearing to have the Request considered. Whiting testified that such additional drilling costs and expenses could cumulatively total approximately \$1,000,000.

21. Whiting testified that the proposed wellbore for the Subject Well will pass approximately 450 feet from the southeast corner of nearby Section 30 and that the expected fracture radius or fracture half-length is between 100 to 200 feet around the wellbore. Whiting also testified that the fractures are not expected to penetrate nearby Section 30. However, based on the testimony and evidence presented at the hearing, the Board is unable to conclusively rule out the possibility that the Subject Well could drain lands outside the proposed temporary spacing unit. There are no producing wells in Section 30.

22. U.A.C. Rule R649-3-2(3) provides:

In the absence of special orders of the Board, no portion of the horizontal interval within the potentially productive formation shall be closer than six hundred-sixty (660) feet to a drilling or spacing unit boundary, federally unitized area boundary, uncommitted tract within a unit, or boundary line of a lease not committed to the drilling of such horizontal well.

23. Although the wellbore path for the proposed Subject Well satisfies all of the conditions listed in Rule R649-3-2(3) cited above (the adjacent lands are not within a drilling unit or federal unit, and the subject Section 30 lease is committed to the Subject Well), in an abundance of caution, KGH seeks authorization from the Board to allow the Subject Well to pass less than 660 feet from the southeast corner of nearby Section 30.

24. All of the Owners with interests in the SE¼ of nearby Section 30 are the same Owners listed in Finding of Fact No. 8 herein. All such Owners support drilling the Subject Well as proposed and the Board granting the Request. All such Owners have consented, in writing, to drilling the Subject Well as proposed and to the Board granting the Request. Additionally, said Section 30 is subject to the Bonanza State Unit Agreement and the oil and gas minerals in the SE¼ of that section have been committed to the Subject Well and Unit Agreement.

25. Whiting's evidence showed that the Subject Well is located as proposed to avoid a geologic hazard presented by an underground normal fault. The fault has approximately 150 feet of displacement, and was detected by a 2-D seismic study. Whiting's principal concerns are that drilling into the fault could cause the well to become stuck in the swelling clays and/or that the fault could cause the well to have to be side-tracked, which could significantly increase the drilling costs for the Subject Well. Under the circumstances, it is reasonable and prudent to drill the Subject Well in a manner to avoid the drilling hazard.

26. There are no producing vertical or horizontal wells located within 1,320 feet of the proposed Subject Well. All of the well locations within 1,320 feet of the Subject Well at which an oil and gas well could be drilled in accordance with U.A.C. Rule R649-3-2 are within the

Subject Lands or adjacent Section 6 (T10S-R25E) and are owned and controlled by the above-identified Owners who have consented, in writing, to the drilling of the Subject Well.

27. Notice of the APD for the Subject Well was given by certified mail to all Owners within the proposed temporary spacing unit.

28. Anticipating that a response to the Request based on the published notices could be filed on or before August 30, 2017, a week following the hearing in this Cause, KGH requested that the Board establish a Hearing Examiner proceeding pursuant to U.A.C. Rules R641-113-100 to -500, to adjudicate in an expedited fashion any such responses to the Request. The Board approved the request, but no such responses were filed.

29. The vote of the Board Members present and participating in the hearing in this Cause was unanimous (7-0) in favor of granting the Request, but the Board expressly noted on the record its dissatisfaction with Petitioner's late filing of the Request and regretted the rushed review that resulted from such circumstances.

CONCLUSIONS OF LAW

1. Due notice of the time, place, and purposes of the Board's regularly scheduled August 23, 2017 hearing was given to all parties whose legally protected interests are affected by the Request in the form and manner and within the time required by the law and the rules and regulations of the Board, as prescribed by the Board's order granting KGH's Motion. Due notice of the filing of the Request was given to all parties whose legally protected interests are affected by the Request in the form and manner required by law and the rules and regulations of the Board, as prescribed by the Board's order granting KGH's Motion.

2. Pursuant to Section 40-6-5(3)(b) of the Utah Code and U.A.C. Rules R649-3-2 and 3, the Board has jurisdiction over all matters covered by the Request and all interested parties therein, and has the power and authority to make and issue an order thereunder and as herein set forth.

3. Drilling the Subject Well in the proposed location will be consistent with the orderly development of the Subject lands.

4. It is reasonable and prudent to establish a Hearing Examiner proceeding in this Cause to adjudicate in an expedited fashion any responses to the Request filed on or before August 30, 2017.

5. The relief granted hereby will result in greater recovery of oil, gas, and associated hydrocarbons from the temporary spacing unit consisting of the Subject Lands; will prevent waste; and will adequately protect the correlative rights of all affected parties.

6. U.A.C. Rule R649-3-2(9) provides:

Exceptions to any of the above referenced conditions of 3 through 7 may be approved upon proper application pursuant to R649-3-3, Exception to Location and Siting of Wells, or R649-10, Administrative Procedures.

It is reasonable and warranted under the circumstances to grant exceptions to the conditions under U.A.C. Rules R649-3-2(3) and R649-3-2(6) for the Subject Well. These circumstances include: the common ownership of the minerals in the Subject Lands; the relatively small portion of lands that would otherwise be affected by the temporary spacing unit rules and the fact that the owners of those lands and minerals were provided notice of this proceeding and will not reasonably be

affected by this Order; the voluntary pooling agreement among the parties; the apparent misunderstanding and good faith belief that the Unit Agreement provided an exclusion from the well location rules; the lack of any other horizontal wells in the Mancos B formation in the vicinity of the Subject Well justifying a need for the drilling of an exploratory well in advance of a hearing to establish drilling units for the expected pool, and the exigencies of the drilling rig commitments made based on the misunderstanding of the need for a Board hearing.

7. Due to the unusual circumstances in this proceeding and based on the Board's order for further hearings as set forth herein, the findings and conclusions set forth herein are not to be precedent for granting similar relief by the Board in any future hearings.

8. KGH has sustained its burden of proof, demonstrated good cause, and satisfied all legal requirements for granting the Request and KGH's Motion.

ORDER

Based upon the Request, the testimony and evidence submitted and entered into evidence at the August 23, 2017 hearing, and the findings of fact and conclusions of law as stated above, the Board hereby orders:

1. The Request in this Cause is granted with the modifications as set forth below.
2. An exception location is granted as a pilot project for the Subject Well allowing it to be located as presented in the Request and by the testimony and exhibits presented and entered at the August 23, 2017 hearing.
3. A temporary spacing unit consisting of the Subject Lands is hereby established to facilitate the drilling of the Subject Well as proposed.

4. The Division is authorized to approve the Application for Permit to Drill (APD) for the Subject Well prior to the entry of a final order in this matter, subject to the APD's complying with the applicable requirements of the Division for such approval.

5. KGH and Whiting shall report to the Board at the Board's regularly scheduled December 6, 2017 hearing to address the issue of correlative rights associated with the production of oil and gas and associated hydrocarbons from the Subject Well. If there is insufficient data available to make such a report, KGH and Whiting may seek a continuance from the Board. If necessary, in reporting to the Board and the Division as hereby ordered, KGH and Whiting may assert the confidentiality of any data or information regarding the Subject Well and seek the protection thereof as provided under the law.

6. Pursuant to U.A.C. Rules R641 and Utah Code Ann. §§ 63G-4-204 to -208, the Board has considered and decided this Cause as a formal adjudication.

7. This Findings of Fact, Conclusions of Law, and Order ("Order") is based exclusively on evidence of record in the adjudicative proceedings 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 Utah Administrative Procedures Act, Utah Code Ann. § 63G-4-208, and U.A.C. Rule R641-109.

8. Notice Re: Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: 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. §§ 63G-4-401(3)(a) and -403. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies all 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. § 63G-4-302, entitled "Agency Review-Reconsideration," provides:

(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 63G-4-301 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 all parties that Utah Administrative 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 that month.

Id. See Utah Admin. Code R641-110-200 for the required contents of a petition for rehearing.

If there is any conflict between the deadline in Utah Code Ann. § 63G-4-302 and the deadline in Utah Administrative Code R641-110-100 for moving to rehear this Cause, 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.

9. 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.

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

DATED this 4TH of October, 2017.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

By: Chris D. Hansen for
Ruland J Gill, Jr., Chairman

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of October, 2017, I caused a true and correct copy of the foregoing **FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER** for Docket No. 2017-022, Cause No. 179-18, to be mailed with postage prepaid, via E-mail, Certified Mail, or First Class Mail, to the following:

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