

**FILED**

BEFORE THE BOARD OF OIL, GAS AND MINING OCT 09 2014  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH

SECRETARY, BOARD OF  
OIL, GAS & MINING

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF BERRY PETROLEUM COMPANY, LLC, A WHOLLY OWNED SUBSIDIARY OF LINN ENERGY, LLC, AS SUCCESSOR IN INTEREST TO BERRY PETROLEUM COMPANY, FOR AN ORDER ESTABLISHING DRILLING AND SPACING UNITS FOR PRODUCTION OF OIL AND GAS FROM THE GREEN RIVER AND WASATCH FORMATIONS FOR EACH OF THE 40-ACRE QUARTER-QUARTER SECTIONS (OR EQUIVALENT GOVERNMENTAL LOTS) UNDERLYING THE E½ OF SECTION 5 AND ALL OF SECTION 7 IN TOWNSHIP 6 SOUTH, RANGE 4 WEST, USM, DUCHESNE COUNTY, UTAH.

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

**Docket No. 2014-004**

**Cause No. 272-03**

This matter came before the Utah Board of Oil, Gas, and Mining (the "Board") on Wednesday, May 28, 2014, at approximately 3:00 p.m. in the auditorium of the Utah Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah. The following Board members were present and participated in the hearing: Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Carl F. Kendell, Chris Hansen, Susan S. Davis, and Gordon L. Moon. The Board was represented by Michael S. Johnson, Assistant Attorney General.

Testifying on behalf of Petitioner, Berry Petroleum Company, LLC, a wholly owned subsidiary of LINN Energy, LLC, as successor in interest to Berry Petroleum Company ("Petitioner"), was Terry L. Laudick, Senior Staff Landman, Julie Pyle, Staff

Geologist, and Carole R. Edwards, Senior Reservoir Engineer. Mark L. Burghardt of Holland & Hart, LLP appeared as counsel for Petitioner.

Attending on behalf of the Division of Oil, Gas and Mining (the "Division") was Brad Hill, Oil and Gas Permitting Manager, and Dustin Doucet, Petroleum Engineer. The Division was represented by Douglas Crapo, Assistant Attorney General.

The Board, having considered the testimony presented and the exhibits received into evidence at the hearing, being fully advised, and for good cause shown, hereby enters the following findings of fact, conclusions of law, and order:

#### **FINDINGS OF FACT**

1. Petitioner is a limited liability corporation with its principal place of business in Denver, Colorado.
2. Petitioner mailed copies of both the original Request and the Amended Request on December 10, 2013, and May 7, 2014, respectively, to the last known addresses of record as shown in the Duchesne County Recorder's Office and the Bureau of Land Management, Salt Lake City Office, for all persons having a legally protected interest in this matter by certified mail, return receipt requested.
3. Notice of the filing of the Request and of the hearing thereon was duly published in the Salt Lake Tribune and the Deseret Morning News on January 5, 2014, and the Uintah Basin Standard on January 7, 2014.
4. The Request covers the E½ of Section 5 and all of Section 7, Township 6 South, Range 4 West, USM (the "Subject Lands").

5. The Subject Lands are within the area generally known as the Brundage Canyon Field. The oil and gas in the Subject Lands are owned by the United States of America, and the mineral interest underlying the Subject Lands has been leased under United States Oil and Gas Lease UTU-8894A. Petitioner owns a majority of the working interest in this lease.

6. The leasehold ownership in the federal lease covering the Subject Lands has been divided by depth above and below the base of the Green River Formation. Otherwise, the ownership within each of the drilling and spacing units is uniform.

7. The Green River and Wasatch Formations are defined as follows:

the stratigraphic equivalent of the interval from the top of the Green River Formation to the base of the Wasatch Formation as found at 1461 feet measured depth (MD) and 8176 feet MD, respectively, in the Ute Tribal 16-24-55 Well, API No. 43013326720000, located in the SE<sup>1</sup>/<sub>4</sub>SE<sup>1</sup>/<sub>4</sub> of Section 24, T5S, R5W, USM.

8. The Subject Lands have not been previously spaced by the Board. The wells on the Subject Lands have been located in accordance with the Division and the Utah Board of Oil, Gas and Mining's (the "Board") general rules, including the well location and siting rules contained in Utah Admin. Code R649-3-2, which allows one well to be located within each quarter-quarter section, or equivalent governmental lot.

9. Petitioner is the operator of the following wells located on or proposed for the Subject Lands:

	<u>Well Name</u>	<u>Status</u>	<u>Initial Production</u>
a.	Federal 1-5D-64	Producing	09/17/13
b.	Federal 2-5D-64	Producing	09/17/13

c.	Federal 7-5D-64	Producing	09/13/13
d.	Federal 8-5D-64	Producing	10/01/13
e.	Federal 9-5D-64	Permit Pending	
f.	Federal 10-5D-64	Permit Pending	
g.	Federal 15-5D-64	Permit Pending	
h.	Federal 16-5D-64	Permit Pending	
i.	Federal 6-7-64	Producing	10/20/13
j.	Federal 3-7D-64	Producing	10/27/13
k.	Federal 4-7D-64	Producing	10/20/13
l.	Federal 5-7D-64	Producing	10/20/13
m.	Federal 2-7-64	Producing	11/04/13
n.	Federal 1-7D-64	Producing	11/04/13
o.	Federal 12-7D-64	Producing	10/09/13
p.	Federal 11-7D-64	Producing	10/09/13
q.	Federal 13-7D-64	Producing	10/09/13
r.	Federal 14-7D-64	Producing	10/09/13
s.	Federal 7-7D-64	Producing	11/04/13
t.	Federal 8-7D-64	Producing	11/05/13
u.	Federal 9-7D-64	Producing	11/05/13
v.	Federal 10-7D-64	Producing	11/5/13
w.	Federal 15-7D-64	Future Well	
x.	Federal 16-7D-64	Future Well	

(the "Subject Wells").

10. The geological and engineering evidence presented by Petitioner indicates that:

a. The production of oil and gas in the Green River and Wasatch Formations comes from marginal-lacustrine sandstone and carbonate beds deposited in multiple, vertically "stacked," lenticular beds that are discontinuous across the Subject Lands.

b. Based on the existing or estimated costs of drilling and operating, the Subject Wells are economical.

c. The available data from wells located within the Brundage Canyon Field indicate that the drainage area for the Subject Wells will be less than 40 acres.

11. Establishing drilling and spacing units for each of the 40-acre quarter-quarter Sections (or equivalent governmental lots) in the Subject Lands will promote the public interest, maximize ultimate recovery of hydrocarbon substances, prevent waste, and protect the correlative rights of all owners.

### **CONCLUSIONS OF LAW**

12. Due and regular notice of the time, place, and purpose of the hearing was properly given in the form and manner as required by law and the rules and regulations of the Board and Division to all parties whose legally protected interests are affected by the Request.

13. The Board has jurisdiction of the parties and of the subject matter pursuant to Utah Code Ann. § 40-6-1. *et seq.*

14. The Lower Green River and Wasatch Formations constitute a “common source of supply,” as defined in Utah Code Ann. § 40-6-2(18).

15. Because the ownership in the Subject Lands is uniform and will not alter the distribution of production proceeds, this order should be made effective for the drilling and spacing units as of the date of first production for each of the wells located in the respective drilling units or, for the wells that have not yet begun producing, as of the date this spacing order is issued.

16. The relief granted will result in consistent and orderly development and the greatest recovery of oil, gas and associated hydrocarbons from the Green River and Wasatch Formations underlying the Subject Lands, prevent waste, and adequately protect the correlative rights of all affected parties.

17. Petitioner has sustained its burden of proof, demonstrated good cause, and satisfied all legal requirements for granting the Request.

### **ORDER**

Based upon the findings of fact and conclusions of law stated above, the Request, and testimony and other evidence submitted by Petitioner, the Board hereby orders:

- A. Petitioner's Request in this matter is granted.
- B. Drilling and spacing units for each of the 40-acre quarter-quarter Sections (or equivalent governmental lots) under the Subject Lands are established for production of oil and gas from the Green River and Wasatch Formations.
- C. A single well is permitted in each of the drilling and spacing units.
- D. The drilling and spacing units shall be made effective as of the date of first production for each of the wells located in the respective drilling units or, for the wells that have not yet begun producing, the date this spacing order is issued.
- E. The Board has considered and decided this matter as a formal adjudication, pursuant to the Utah Administrative Procedures Act, Utah Code Ann. §§ 63G-4-204 through 208, and of the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin. Code R641.

F. This order is based exclusively upon evidence of record in this proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, as required by the Utah Administrative Procedures Act, Utah Code Ann. § 63G-4-208, and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, Utah Admin. Code R641-109; and constitutes a final agency action as defined in the Utah Administrative Procedures Act and Board rules.

G. **Notice of Right of Judicial Review by the Supreme Court of the State of Utah.** As required by Utah Code Ann. § 63-G-4-208(e) through (g), the Board hereby notifies all parties to this proceeding that they have the right to seek judicial review of this order by filing an appeal with the Supreme Court of the State of Utah within 30 days after the date this order is entered. Utah Code Ann. § 63G-4-401(3)(a) and 403.

H. **Notice of Right to Petition for Reconsideration.** As an alternative, but not as a prerequisite to judicial review, the Board hereby notifies all parties to this proceeding that they may apply for reconsideration of this order. Utah Code Ann. § 63G-4-302. The Utah Administrative Procedures Act 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 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 Rules of Practice and Procedure before the Board of Oil, Gas and Mining entitled “Rehearing and Modification of Existing Orders” state:

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. Utah Admin. Code R641-110-100.

The Board hereby rules that should there be any conflict between the deadlines provided in the Utah Administrative Procedures Act and the Rules of Practice and Procedure before the Board of Oil, Gas and Mining, 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 aggrieved party may seek judicial review of the order by perfecting an appeal with the Utah Supreme Court within 30 days thereafter.

I. The Board retains exclusive and continuing jurisdiction of all matters covered by this order and of all parties affected thereby; and specifically, the Board




retains and reserves exclusive and continuing jurisdiction to make further orders as appropriate and authorized by statute and applicable regulations.

J. The Chairman's signature on a facsimile copy of this order shall be deemed the equivalent of a signed original for all purposes.

DATED this 9<sup>th</sup> day of <sup>October</sup>~~June~~, 2014.

STATE OF UTAH  
BOARD OF OIL, GAS, AND MINING

By:   
Ruland J. Gill, Jr., Chairman

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a true and correct copy of the foregoing **ORDER** for Docket No. 2014-004, Cause No. 272-03 to be mailed via E-Mail, and First Class Mail, with postage prepaid, this 9th day of October, 2014, to the following:

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**[Via Email]**

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A handwritten signature in blue ink that reads "Julie Ann Carter" is written over a horizontal line.