

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	
TEXAS COMPANY, THE CARTER OIL COMPANY	:	
AND THE CONTINENTAL OIL COMPANY FOR	:	
AN ORDER ESTABLISHING 80-ACRE DRILLING	:	
UNITS FOR THE ANETH POOL AND THE	:	CAUSE NO. 17
DESERT CREEK AREA, SAN JUAN COUNTY,	:	
UTAH (Application of Shell Oil	:	ORDER
Company to arbitrate the issue of the	:	
monetary investment value of the five	:	
test wells drilled in the Greater	:	
Aneth Area by applicant.)	:	

Shell Oil Company having heretofore filed an application in the above entitled cause for the Commission to determine, in accordance with prior proceedings and rulings, the monetary investment value of the five test wells drilled in the Greater Aneth Area by Shell Oil Company, and the Commission having held hearings on such application, and having on the 10th day of May, 1962, issued its Findings of Fact and Conclusions of Law relating to such hearings and determination; and Superior Oil Company having thereafter on the 18th day of May, 1962, filed a Motion for Rehearing on such determination on the grounds that the Commission had, with respect to its Findings of Fact and Conclusions of Law, committed eight alleged errors as set forth in said motion; and the Commission having granted said motion for rehearing to afford the parties the opportunity to present argument upon the eight points of alleged error as set forth in Superior Oil Company's Motion for Rehearing, and said matter coming on regularly to be heard before the Commission on the 15th day of November, 1962, Howard L. Edwards and Leslie E. Kell, attorneys at law, appearing on behalf of Shell Oil Company, and Elmer F. Patman, E. R. Criss and Brigham E. Roberts, attorneys at law, appearing on behalf of Superior Oil Company, the Commission, having heard the respective arguments of counsel in support of and in opposition to said alleged errors and having considered each and all of said alleged errors, and being fully advised in the premises, and,

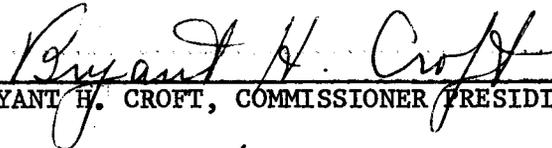
IT APPEARING TO THE COMMISSION that each of the said eight alleged

errors relating to the Findings of Fact and Conclusions of Law issued by the Commission on May 10, 1962, and set forth in Superior Oil Company's Motion as grounds for a rehearing, is without merit,

IT IS ORDERED that any further hearing upon the Commission's determination of the monetary investment value of the five test wells drilled by Shell Oil Company in the Greater Aneth Area be and the same is hereby denied.

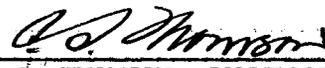
DATED this 19th day of December, 1962.

STATE OF UTAH
OIL AND GAS CONSERVATION COMMISSION


BRYANT H. CROFT, COMMISSIONER PRESIDING


C. R. HENDERSON, CHAIRMAN


M. V. HATCH, COMMISSIONER


C. S. THOMSON, COMMISSIONER


CHARLES P. OLSON, COMMISSIONER

W. Q. VAN COTT (1914-1953)
GRANT H. BAGLEY
S. N. CORNWALL
DENNIS MC CARTHY
CLIFFORD L. ASHTON
LEONARD J. LEWIS
DAVID E. SALISBURY
GRANT MACFARLANE, JR.
STERLING D. COLTON
M. SCOTT WOODLAND
L. R. GARDINER, JR.
MALCOLM D. PIKE
HOWARD L. EDWARDS
H. T. BENSON
RAY G. MARTINEAU
C. KEITH ROOKER
MAX B. LEWIS
OF COUNSEL

LAW OFFICES OF
VAN COTT, BAGLEY, CORNWALL & McCARTHY
SUITE 300
65 SOUTH MAIN STREET
SALT LAKE CITY II, UTAH

BENNETT, HARKNESS & KIRKPATRICK 1874-1890
BENNETT, MARSHALL & BRADLEY 1890-1896
BENNETT, HARKNESS, HOWAT,
SUTHERLAND & VAN COTT 1896-1902
SUTHERLAND, VAN COTT & ALLISON 1902-1907
VAN COTT, ALLISON & RITER 1907-1917
VAN COTT, RITER & FARNSWORTH 1917-1947

November 15, 1962

Mr. Cleon B. Feight, Executive Secretary
Utah State Oil and Gas Conservation Commission
310 Newhouse Building
Salt Lake City, Utah

Re: Cause No. 17

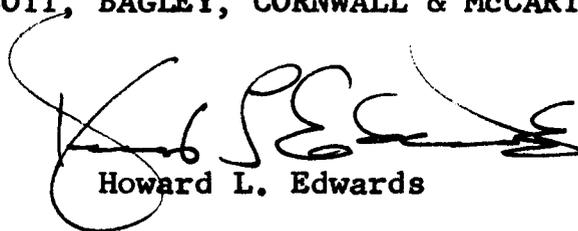
Dear Mr. Feight:

Enclosed for approval and execution by the members of the Commission are the original and nine copies of a proposed form of order in the captioned cause in connection with the hearing on November 15th of Superior Oil Company's Motion for Rehearing.

If the enclosed form is satisfactory, we would appreciate receiving one executed copy of the order.

Yours truly,

VAN COTT, BAGLEY, CORNWALL & McCARTHY



Howard L. Edwards

HLE:L

CC: Leslie E. Kell, Esq.

BEFORE THE OIL AND GAS CONSERVATION COMMISSION

OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF :
TEXAS COMPANY, THE CARTER OIL COMPANY :
AND THE CONTINENTAL OIL COMPANY FOR : CAUSE NO. 17
AN ORDER ESTABLISHING 80-ACRE DRILLING :
UNITS FOR THE ANETH POOL AND THE :
DESERT CREEK AREA, SAN JUAN COUNTY, : ORDER
UTAH (Application of Shell Oil :
Company to arbitrate the issue of the :
monetary investment value of the five :
test wells drilled in the Greater :
Aneth Area by applicant.) :

The Commission in this Cause having on the 10th day of May, 1962, issued its Findings of Fact and Conclusions of Law, and Motion for Rehearing having been made by Superior Oil Company under date of May 18, 1962, and the Commission having on May 21, 1962, granted said Motion for Rehearing and having on July 12, 1962, issued its Amended Order granting Motion for Rehearing, and said Rehearing having come on regularly to be heard before the Commission on the 15th day of November, 1962, Howard L. Edwards, Esq. of Van Cott, Bagley, Cornwall & McCarthy, and Leslie E. Kell, Esq., appearing on behalf of applicant Shell Oil Company, and Brigham E. Roberts, Esq. of Rawlings, Wallace, Roberts & Black, Elmer F. Patman, Esq. and E. R. Criss, Esq. appearing on behalf of Superior Oil Company, the Commission having heard and considered each and all of the grounds assigned for error by said Superior Oil Company in the said Findings of Fact and Conclusions of Law and the arguments of counsel in

support of and in opposition to said assignments of error and being fully advised in the premises,

NOW FINDS that each and all of the matters so assigned for error have been fully considered and determined in said Findings of Fact and Conclusions of Law, that the Commission has committed no error in making and entering said Findings of Fact and Conclusions of Law and that said assignments of error are without merit and should be denied,

IT IS THEREFORE ORDERED, that the assignments of error of Superior Oil Company so embodied in said Motion for Rehearing be and the same are hereby denied, and that the Findings of Fact and Conclusions of Law heretofore entered by the Commission in this Cause on the 10th day of May, 1962, shall be and constitute the decision of the Commission herein.

Dated this _____ day of _____, 1962.

THE OIL AND GAS CONSERVATION
COMMISSION OF THE STATE OF UTAH

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	
TEXAS COMPANY, THE CARTER OIL COMPANY	:	
AND THE CONTINENTAL OIL COMPANY FOR	:	
AN ORDER ESTABLISHING 80-ACRE DRILL-	:	CAUSE NO. 17
ING UNITS FOR THE ANETH POOL AND THE	:	
DESERT CREEK AREA, SAN JUAN COUNTY,	:	<u>AMENDED</u>
UTAH (Application of Shell Oil	:	<u>ORDER GRANTING MOTION FOR</u>
Company to arbitrate the issue of the	:	<u>REHEARING</u>
monetary investment value of the five	:	
test wells drilled in the Greater	:	
Aneth Area by applicant.)	:	

The motion of Shell Oil Company for clarification of the Order granting Superior Oil Company's motion for rehearing having come on for consideration by the Commission this 12th day of July, 1962, and the Commission having considered the motion, and good cause appearing, therefore, it is hereby ordered that the Commission's Order of May 21, 1962, granting Superior Oil Company's motion for rehearing be and the same is hereby amended as follows:

1. That the motion for rehearing is granted, said hearing to be held on Tuesday, November 15, 1962, at 10:00 A.M. in the Commission's Office, 310 Newhouse Building, Salt Lake City, Utah.
2. That no new evidence or testimony will be received at said rehearing.
3. That said rehearing is intended to and shall afford the parties the opportunity to present argument upon the eight points of alleged error set forth in Superior Oil Company's motion for rehearing dated May 18, 1962, and said argument shall be restricted to said eight points unless any of the parties to this proceeding shall notify the Commission and other parties of additional points they desire to

present at said hearing, said notice to be in writing,
filed with the Commission and served upon said other
parties at least thirty days prior to the date of said
hearing.

DATED this 12th day of July, 1962.

THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

C. R. Henderson
C. R. HENDERSON, CHAIRMAN

M. V. Hatch
M. V. HATCH, COMMISSIONER

C. S. Thomson
C. S. THOMSON, COMMISSIONER

Bryant H. Croft
BRYANT H. CROFT, COMMISSIONER

Charles P. Olson
CHARLES P. OLSON, COMMISSIONER

BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF

THE STATE OF UTAH

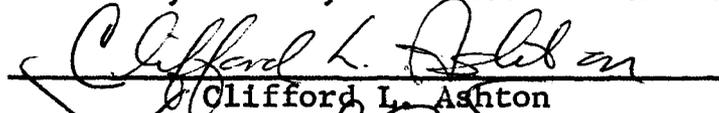
IN THE MATTER OF THE APPLICATION OF)
TEXAS COMPANY, THE CARTER OIL COMPANY) CAUSE NO. 17
and THE CONTINENTAL OIL COMPANY FOR)
AN ORDER ESTABLISHING 80-ACRE DRILL-) MOTION FOR CLARIFICATION
ING UNITS FOR THE ANETH POOL AND THE) OF ORDER.
DESERT CREEK AREA, SAN JUAN COUNTY,)
UTAH (Application of Shell Oil Company)
to arbitrate the issue of the monetary)
investment value of the five test wells)
drilled in the Greater Aneth Area by)
applicant.))
)
)
)

Comes now Shell Oil Company and moves the Commission to clarify the order granting motion for rehearing, which order has set a hearing for Tuesday, November 15, 1962, at 10:00 o'clock A. M. in the Commission's office. It is requested that the order be clarified in the following respects:

1. That the order state the scope of the matters to be covered at said hearing.
2. That the order state whether or not new evidence will be received.
3. That the order state whether or not oral argument will be restricted to the rights, if any, of Superior Oil Company for a rehearing or whether or not the argument will cover the points contained in Superior Oil Company's motion for rehearing and whether or not the argument will cover matters other than those contained in Superior Oil Company's motion for rehearing.

Dated this 22nd day of June, 1962.

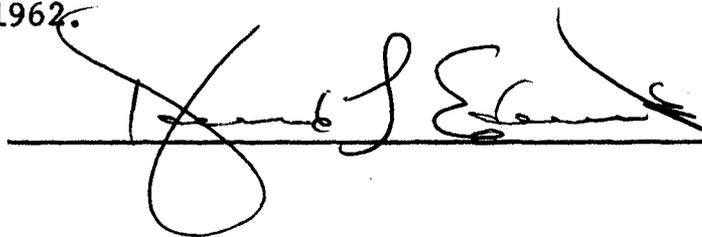
VAN COTT, BAGLEY, CORNWALL & McCARTHY


Clifford L. Ashton


Howard L. Edwards

Attorneys for Applicant

Mailed copy of the above Motion for Clarification
of Order, to Rawlings, Wallace, Roberts & Black, Attorneys for
Superior Oil Company, 530 Judge Building, Salt Lake City, Utah
this 22nd day of June, 1962.


Howard L. Edwards

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	
TEXAS COMPANY, THE CARTER OIL COMPANY	:	
and THE CONTINENTAL OIL COMPANY FOR	:	CAUSE NO. 17
AN ORDER ESTABLISHING 80-ACRE DRILL-	:	
ING UNITS FOR THE ANETH POOL AND THE	:	<u>ORDER GRANTING MOTION FOR</u>
DESERT CREEK AREA, SAN JUAN COUNTY,	:	<u>REHEARING</u>
UTAH (Application of Shell Oil Company	:	
to arbitrate the issue of the monetary	:	
investment value of the five test wells	:	
drilled in the Greater Aneth Area by	:	
applicant.)	:	

This matter having this day regularly come before the Commission for consideration pursuant to a motion by Superior Oil Company for a rehearing, and the Commission being fully advised in the premises and good cause appearing therefore,

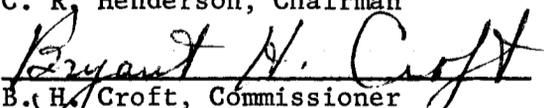
It is hereby ordered that said motion be, and the same is hereby granted.

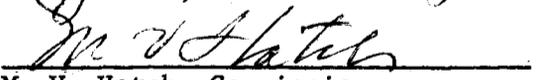
Said hearing will be held on Tuesday, November 15, 1962, at 10:00 o'clock A. M. in the Commission's office, 310 Newhouse Building, Salt Lake City, Utah.

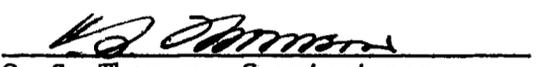
DATED this 21st day of May, 1962.

THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH


C. R. Henderson, Chairman


B. H. Croft, Commissioner


M. V. Hatch, Commissioner


C. S. Thomson, Commissioner

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	
TEXAS COMPANY, THE CARTER OIL COMPANY	:	
and THE CONTINENTAL OIL COMPANY FOR	:	CAUSE NO. 17
AN ORDER ESTABLISHING 80-ACRE DRILL-	:	
ING UNITS FOR THE ANETH POOL AND THE	:	<u>ORDER DENYING-MOTION FOR</u>
DESERT CREEK AREA, SAN JUAN COUNTY,	:	<u>A NEW TRIAL</u>
UTAH (Application of Shell Oil Company	:	
to arbitrate the issue of the monetary	:	
investment value of the five test wells	:	
drilled in the Greater Aneth Area by	:	
applicant.)	:	

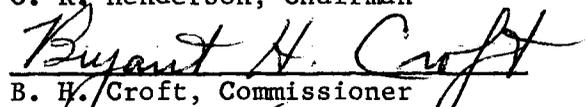
This matter having this day regularly come before the Commission for consideration pursuant to a motion by Superior Oil Company for a new trial, and the Commission being fully advised in the premises and good cause appearing therefore,

It is hereby ordered that said motion be, and the same is hereby, without prejudice, denied.

DATED this 21st day of May, 1962.

THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH


C. R. Henderson, Chairman


B. H. Croft, Commissioner


M. V. Hatch, Commissioner


C. S. Thomson, Commissioner

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	CAUSE NO. 17
TEXAS COMPANY, THE CARTER OIL COMPANY	:	
and THE CONTINENTAL OIL COMPANY FOR	:	
AN ORDER ESTABLISHING 80-ACRE DRILL-	:	<u>ORDER DENYING MOTION & PETITION</u>
ING UNITS FOR THE ANETH POOL AND THE	:	<u>TO ALTER, AMEND, OR MODIFY THE</u>
DESERT CREEK AREA, SAN JUAN COUNTY,	:	<u>FINDINGS OF FACT & CONCLUSIONS</u>
UTAH (Application of Shell Oil Company	:	<u>OF LAW</u>
to arbitrate the issue of the monetary	:	
investment value of the five test wells	:	
drilled in the Greater Aneth Area by	:	
applicant.)	:	

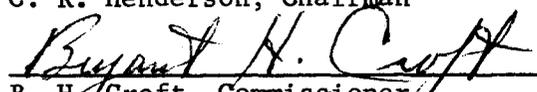
This matter having this day regularly come before the Commission for consideration pursuant to a motion and petition by Superior Oil Company to alter, amend, or modify the findings of fact and conclusions of law, and the Commission being fully advised in the premises and good cause appearing therefore,

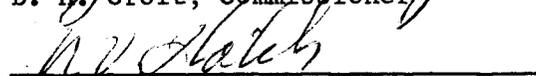
It is hereby ordered that said motion and petition be, and the same is hereby, without prejudice, denied.

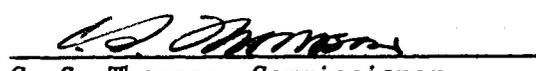
DATED this 21st day of May, 1962.

THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH


C. R. Henderson, Chairman


B. H. Croft, Commissioner


M. V. Hatch, Commissioner


C. S. Thomson, Commissioner

THE OIL AND GAS CONSERVATION COMMISSION

STATE OF UTAH

- - -0- - -

IN THE MATTER OF THE APPLICATION OF	:	
TEXAS COMPANY, THE CARTER OIL COM-	:	CAUSE NO. 17
PANY and THE CONTINENTAL OIL COM-	:	
PANY, FOR AN ORDER ESTABLISHING 80-	:	MOTION & PETITION TO ALTER,
ACRE DRILLING UNITS FOR THE ANETH	:	AMEND, OR MODIFY THE FIND-
POOL AND THE DESERT CREEK AREA, SAN	:	INGS OF FACT & CONCLUSIONS
JUAN COUNTY, UTAH (Application of	:	<u>OF LAW</u>
Shell Oil Company to arbitrate the	:	
issue of the monetary investment	:	
value of the five test wells drilled	:	
in the greater Aneth Area by Applicant.:	:	

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COMES NOW the Superior Oil Company and moves and petitions the above-entitled Commission, pursuant to Rule 59(e), Utah Rules of Civil Procedure, and Rule B(13) of the General Rules Promulgated by the Utah Oil & Gas Conservation Commission, to amend, alter, and modify the Findings of Fact and Conclusions of Law as follows, to wit:

1. That this Commission find and conclude that it has no jurisdiction to act as arbiter or to make any finding of fact or conclusion of law relative to the monetary investment value to the units of the five test wells drilled by Shell Oil Company; and that any finding or conclusion which is in any way in conflict with the above statement shall be modified to conform to the above finding and conclusion.

2. That Finding of Fact No. 9 be modified by striking therefrom the last five lines, commencing with the words after the semicolon, "and this Commission," and continuing to the end of said finding.

3. That Finding of Fact No. 10 be modified by deleting therefrom, starting on the second line thereof, with the words, "that on August 22," and continuing to the end of said finding.

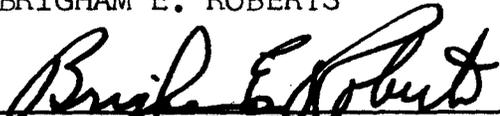
4. That the Findings of Fact be modified by striking

therefrom Findings of Fact Nos. 12, 13, 14, 15, 16, 17, 18, and 19, and each and every part of said Findings.

5. That the Conclusions of Law be modified by striking therefrom Conclusions of Law Nos. 1, 2, 3, and 4.

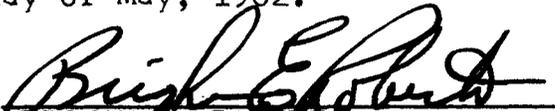
Dated this 18th day of May, 1962.

ELMER PATMAN
E. R. CRISS
BRIGHAM E. ROBERTS



BRIGHAM E. ROBERTS
Attorneys for Superior Oil Co.
530 Judge Building
Salt Lake City 11, Utah

Mailed copies of the foregoing Motion & Petition to Van Cott, Bagley, Cornwall & McCarthy, Suite 300, 65 South Main, Salt Lake City, Utah, on the 18th day of May, 1962.



BRIGHAM E. ROBERTS

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	
TEXAS COMPANY, THE CARTER OIL COMPANY	:	
AND THE CONTINENTAL OIL COMPANY, FOR	:	CAUSE NO. 17
AN ORDER ESTABLISHING 80-ACRE DRILLING	:	
UNITS FOR THE ANETH POOL AND THE DESERT	:	
CREEK AREA, SAN JUAN COUNTY, UTAH	:	FINDINGS OF FACT
(Application of Shell Oil Company to	:	AND
arbitrate the issue of the monetary	:	CONCLUSIONS OF LAW
investment value of the five test wells	:	
drilled in the Greater Aneth Area by	:	
applicant.)	:	

This matter coming on regularly for hearing before the above entitled Commission on the 12th day of April, 1962, it having been continued for argument to this date and other hearings on the matter having been held before said Commission on the 15th day of December, 1961; the petitioner Shell Oil Company being represented by Clifford L. Ashton, Howard L. Edwards and Leslie E. Kell, attorneys at law; Superior Oil Company, the opponent to the granting of said petition being represented by E. F. Patman, E. R. Criss and Brigham Roberts, attorneys at law, and the Commission, having heard the evidence produced by each of said parties and having heard the arguments of their respective counsel in regard thereto, and being fully advised in the matter:

NOW, on its own motion, makes the following:

FINDINGS OF FACT

1. That the Commission had, and now has, jurisdiction in Cause No. 17 under the statutes of the State of Utah, and particularly Sections 40-6-1, 2 and 3 of the Utah Code Annotated, (1953), to establish a spacing order in the matter then before the Commission.

2. That while in session and receiving evidence in the matter of spacing in said cause, a proposal was made by Shell Oil Company to drill five test wells, on a plan known as a forty acre spacing pattern, rather than an eighty acre pattern; it being the intent of Shell to prove, if said five test

wells were drilled, with the aid of this evidence, together with the other evidence offered and produced, that the field should be spaced on a forty acre pattern.

3. That thereafter on the 2nd day of February, 1959, Shell Oil Company filed its application for permission to drill certain 40-acre test wells for the purpose of obtaining additional evidence concerning the matter of spacing; whereupon after evidence was introduced and statements were made both in support of and in opposition to said application, the Commission determined that the drilling of said 40-acre test wells might produce additional evidence of importance that would aid in determining the spacing that would result in the development, production and utilization of the oil and gas resources of said area in a manner that would prevent waste; that would obtain a greater ultimate recovery of oil and gas; and that would fully protect the correlative rights of all owners.

4. That as a consequence of said determination, and in keeping with the stipulations of all parties then before the Commission in Cause # 17, which included Shell and Superior herein, the Commission entered its order on the 24th day of February, 1959 authorizing the drilling of said test wells, which said order, among other things, provided that permission to drill said wells was granted subject to stated requirements and restrictions, included among which was the following:

"5. In the event that there is a proposed unitization for the area in which one or more of the permitted 40-acre test wells is located, and such area at such time is operating under an 80-acre temporary or permanent spacing order, and Shell Oil Company and the other operators cannot agree as to the monetary investment value, if any, that should be attributed to such well or wells in the unitization plan, the Commission shall act as arbiter on the issue as to such monetary value, and on any issue as to such other value, if any, that should be so attributed which the parties, by agreement, may submit, but the submitting of such issue or issues shall in no manner commit Shell Oil Company or any other operator to acceptance of any plan of unitization."

5. That said paragraph above was included in said order for the reason that Section 40-6-1 Utah Code Annotated, 1953, provides it is to the public

interest:

".....to foster, encourage, and promote the development, production and utilization of natural resources of oil and gas in the State of Utah in such a manner as will prevent waste; to authorize and to provide for the operations and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas may be obtained and that the correlative rights of all owners be fully protected; to encourage, authorize and provide for voluntary agreements for cycling, recycling, pressure maintenance, and secondary recovery operations in order that the greatest possible economic recovery of oil and gas may be obtained within the state to the end that the land owners, the royalty owners, the producers and the general public may realize and enjoy the greatest possible good from these vital natural resources."

and for the further reason that the Commission has the statutory power and authority to make and enforce rules, regulations and orders and do whatever may reasonably be necessary to carry out the provisions of the Oil and Gas Conservation Act of the State of Utah.

6. That pursuant to said order of February 24, 1959, the Shell Oil Company drilled five 40-acre test wells, two of which were drilled in the Aneth area and three of which were drilled in the Rutherford area, and the information and evidence obtained from the drilling of said five test wells were presented to the Commission for its consideration in determining the spacing to be allowed.

7. That, thereafter, and upon due and careful consideration of all of the evidence and testimony submitted in this cause, this Commission determined and found that 80-acre spacing and drilling units for the Greater Aneth Area (which includes the areas in which the five test wells were drilled) should be established in order to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties.

8. That on the 24th day of February, 1960, as a further determination in the matters before the Commission in regard to spacing in said Cause No. 17, the Commission made and entered its order establishing eighty acre spacing.

9. That this Commission has encouraged all parties in Cause No. 17, to unitize and enter into voluntary agreements therefor, so that waste will be

prevented, so that the correlative rights of all owners will be fully protected, and so that cycling, recycling, pressure maintenance and secondary recovery operations might be carried out, to the end that the greatest possible economic recovery of Oil and Gas may be obtained within the State for the benefit of the owners and royalty owners, the producers and the general public, pursuant to the statutes of the State of Utah; and this Commission has encouraged said parties, if unitization were entered into, to determine the monetary investment value, if any, of the five test wells located within such unit which were drilled by Shell under authority of the order of this Commission on the 24th day of February, 1959.

10. That Aneth was unitized on September 1, 1961, by agreement, and Ratherford was unitized October 1, 1961, by agreement; that on August 22, 1961, it was represented to the Commission by both Superior and Shell that the Aneth agreement was finally agreed to with the understanding that the monetary value of the test wells, as between Superior and Shell, in said units would be determined by this Commission at a future time, all of the other parties within said units having theretofore agreed with Shell upon the value thereof.

11. That Shell filed with the Commission on October 23, 1961, a petition to hear and determine, as between itself and Superior, the monetary investment value to the units of the five test wells.

12. That all of the other parties set out in Cause #17, with the exception of Superior, in their agreements pertaining to the unitization of said areas, have agreed that the total monetary investment value of said five test wells to the units was \$518,000.00, and at the hearing on said petition, the only evidence to the contrary that was produced was that the wells are only worth salvage value.

13. That the unit operators have full control of the five test wells; that none of the five test wells are to be plugged and abandoned at the present time; that the actual use of the wells in the units, if any, will be determined

by the unit operator as the secondary recovery plan progresses in a manner as the operator might determine to be to the best advantage of the unit.

14. That from a preponderance of the evidence the total monetary investment value of the five test wells to the units is determined to be \$518,000.

15. That at the commencement of this hearing on the petition of Shell to determine the monetary investment value of the five test wells as between it and Superior, Superior for the first time raised the question of the jurisdiction of the Commission to determine the monetary investment value, even though stipulations as to such determination has been entered prior thereto by Superior's counsel.

16. That the jurisdiction of the Oil and Gas Commission to prevent waste, to protect correlative rights of all owners and to provide for a greater ultimate economic recovery of oil and gas was invoked to determine the spacing necessary to effect such result; that the permission granted by the Commission to drill the five test wells, subject to the determination by the Commission of the monetary investment value of said wells should Shell Oil Company and other operators be unable to agree, was reasonably necessary to carry out its responsibilities under the laws of the State of Utah and is within the jurisdiction and authority of the Commission.

17. That the provision to arbitrate the monetary investment value, if any, of such test wells in the unitization plan, if Shell Oil Company and the other operators could not agree, as provided in paragraph 5 of the Commission's Order of the 24th day of February, 1959, was made by the Commission in the public interest to aid in obtaining evidence to determine the spacing needed in said areas to prevent waste, to protect correlative rights of all owners, and to encourage voluntary agreements which would assist in effecting the greatest possible economic recovery of oil and gas that might be obtained within the areas to the end that the land owners, royalty owners, producers and the general public might realize and enjoy the greatest possible good.

18. That the submitting of the issue as to the monetary investment value, or monetary value, that should be attributed to the five test wells, as provided in its order of the 24th day of February, 1959, was for valuation purposes only, and that no interested party was to be bound to unitize from the mere fact of submitting said issue or issues to this Commission.

19. That the Commission being charged by law to encourage agreements, including unitization, further finds that its decision as to the monetary investment value of the five test wells, as so determined, is advisory only and this Commission herein makes no order directing Superior, or any other party, to pay its proportionate share thereon.

From the foregoing Findings of Fact, this Commission makes and enters its

CONCLUSIONS OF LAW

1. That the monetary investment value of the five test wells to the units is \$518,000.00.

2. That the Commission has jurisdiction in Cause #17 to arbitrate the monetary investment value that should be attributed to said test wells in the unitization plans and its willingness and agreement to arbitrate the same made possible the signing by all parties of the unitization agreements perfected in Ratherford and Aneth in causes Nos. 61 and 63.

3. That the Commission, having so determined the value of the five test wells, will make no order directing Superior or any other interested party, to pay a proportionate share thereof, and said determination is advisory only.

4. That no order shall issue herein.

DATED this 10 day of May A.D., 1962.

OIL AND GAS COMMISSION

BY

Walter D. Mann
C. R. Henderson
M. V. Hatch
E. D. Johnson
Bryant H. Craft

BOYDEN, TIBBALS, STATEN AND CROFT

LAW OFFICES

SUITE 2 - UTAH BUILDING

351 SOUTH STATE STREET

SALT LAKE CITY 11, UTAH

JOHN S. BOYDEN
ALLAN H. TIBBALS
EARL P. STATEN
BRYANT H. CROFT

May 4, 1962

Mr. C. R. Henderson
Vernal,
Utah

Dear Chuck:

I enclose herewith a draft of Findings and Conclusions in the Shell-Superior controversy which I have made in the belief that the changes in Walt's proposed Findings might be helpful. I invite you and the other members of the Commission to feel free to question any of my recommended changes and to make changes of your own.

Best personal regards.

Very truly yours,

BRYANT H. CROFT

BHC:bo

Enclosure

CC: Oil & Gas Commission

N. V. Hatch

C. S. Thomson

W. G. Mann

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it being the intent of Shell to prove, if said five test wells were ^{Drilled} driven, with the aid of this evidence, together with the other evidence offered and produced, that the field should be placed on a forty acre pattern.

3. That thereafter on the 2nd day of February, 1959, Shell Oil Company filed its application for permission to drill certain 40-acre test wells for the purpose of obtaining additional evidence concerning the matter of spacing; whereupon after evidence was introduced and statements were made both in support of and in opposition to said application, the Commission determined that the drilling of said 40-acre test wells might produce additional evidence of importance that would aid in determining the spacing that would result in the development, production and utilization of the oil and gas resources of said area in a manner that would prevent waste; that would obtain a greater ultimate recovery of oil and gas; and that would fully protect the correlative rights of all owners.

4. That as a consequence of said determination, and in keeping with the stipulations of all parties then before the Commission in Cause #17, which included Shell and Superior herein, the Commission entered its order on the 24th day of February, 1959 authorizing the drilling of said test wells, which said order, among other things, provided that permission to drill said wells was granted subject to stated requirements and restrictions, included among which was the following:

"5. In the event that there is a proposed unitization for the area in which one or more of the permitted 40-acre test wells is located, and such area at such time is operating under an 80-acre temporary or permanent spacing order, and Shell Oil Company and the other operators cannot agree as to the monetary investment value, if any, that should be attributed to such well or wells in the unitization plan, the Commission shall act as arbiter on the issue as to such monetary value, and on any issue as to such other value, if any, that should be so attributed which the parties, by agreement, may submit, but the submitting of such issue or issues shall in no manner commit Shell Oil Company or any other operator to acceptance of any plan of unitization."

5. That said paragraph above was included in said order for the reason that Section 40-6-1 Utah Code Annotated, 1953, provides it is to the public

interest:

".....to foster, encourage, and promote the development, production and utilization of natural resources of oil and gas in the State of Utah in such a manner as will prevent waste; to authorize and to provide for the operation and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas may be obtained and that the correlative rights of all owners may be fully protected; to encourage, authorize and provide for voluntary agreements for cycling, recycling, pressure maintenance, and secondary recovery operations in order that the greatest possible economic recovery of oil and gas may be obtained within the state to the end that the land owners, the royalty owners, the producers and the general public may realize and enjoy the greatest possible good from these vital natural resources."

and for the further reason that the Commission has the statutory power and authority to make and enforce rules, regulations and orders and do whatever may reasonably be necessary to carry out the provisions of the Oil and Gas Conservation Act of the State of Utah.

6. That pursuant to said order of February 24, 1959, the Shell Oil Company drilled five 40-acre test wells, two of which were drilled in the Aneth area and three of which were drilled in the Rutherford area, and the information and evidence obtained from the drilling of said five test wells were presented to the Commission for its consideration in determining the spacing to be allowed.

7. That, thereafter, and upon due and careful consideration of all of the evidence and testimony submitted in this cause, this Commission determined and found that 80-acre spacing and drilling units for the Greater Aneth Area (which includes the areas in which the five test wells were drilled) should be established in order to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties.

8. That on the 24th day of February, 1960, as a further determination in the matters before the Commission in regard to spacing in said Cause #17, the Commission made and entered its order establishing eighty acre spacing.

9. That this Commission has encouraged all parties in Cause #17, to unitize and enter into voluntary agreements therefor, so that waste will be

prevented, so that the correlative rights of all owners will be fully protected, and so that cycling, recycling, pressure maintenance and secondary recovery operations might be carried out, to the end that the greatest possible economic recovery of Oil and Gas may be obtained within the State for the benefit of the owners and royalty owners, the producers and the general public, pursuant to the statutes of the State of Utah; and this Commission has encouraged said parties, if unitization were entered into, to determine the monetary investment value, if any, of the five test wells located within such unit which were drilled by Shell under authority of the order of this Commission on the 24th day of February, 1959.

10. That Aneth was unitized on ^{July 29 1961} ~~June 26, 1961~~, by agreement, and Ratherford was unitized ^{Oct 1 1961} ~~September 22, 1961~~, by agreement; that on August 22, 1961 it was represented to the Commission by both Superior and Shell that the Aneth agreement was finally agreed to with the understanding that the monetary value of the test wells, as between Superior and Shell, in said units would be determined by this Commission at a future time, all of the other parties within said units having theretofore agreed with Shell upon the value thereof.

11. That Shell filed with the Commission on October 23, 1961, a petition to hear and determine, as between itself and Superior, the monetary investment value to the operators of the five test wells.

12. That all of the other parties set out in Cause #17, with the exception of Superior, in their agreements pertaining to the unitization of said areas, have agreed that the total monetary investment value of said five test wells to the units was \$518,000.00, and at the hearing on said petition, the only evidence to the contrary that was produced was that the wells are only worth salvage value.

13. That the unit operators have full control of the five test wells; that none of the five test wells are to be plugged and abandoned at the present time; that the actual use of the wells in the units, if any, will be determined

by the operator as the secondary recovery plan progresses in a manner as the operator might determine to be to the best advantage of the unit.

14. That from a preponderance of the evidence the total monetary investment value of the five test wells to the units is determined to be \$518,000.

15. That at the commencement of this hearing on the petition of Shell to determine the monetary investment value of the five test wells as between it and Superior, Superior for the first time raised the question of the jurisdiction of the Commission to determine the monetary investment value, even though stipulations as to such determination had been entered prior thereto by Superior's counsel.

16. That the jurisdiction of the Oil and Gas Commission to prevent waste, to protect correlative rights of all owners and to provide for a greater ultimate economic recovery of oil and gas was invoked to determine the spacing necessary to effect such result; that the permission granted by the Commission to drill the five test wells, subject to the determination by the Commission of the monetary investment value of said wells should Shell Oil Company and other operators be unable to agree, was reasonably necessary to carry out its responsibilities under the laws of the State of Utah and ^{is} within the jurisdiction and authority of the commission.

17. That the provision to arbitrate the monetary investment value, if any, of such test wells in the unitization plan, if Shell Oil Company and the other operators could not agree, as provided in paragraph 5 of the Commission's Order of the 24th day of February, 1959, was made by the Commission in the public interest to aid in obtaining evidence to determine the spacing needed in said areas to prevent waste, to protect correlative rights of all owners, and to encourage voluntary agreements which would assist in effecting the greatest possible economic recovery of oil and gas that might be obtained within the areas to the end that the land owners, royalty owners, producers and the general public might realize and enjoy the greatest possible good.

18. That the submitting of the issue as to the monetary investment value, or monetary value, that should be attributed to the five test wells, as provided in its order of the 24th day of February, 1959, was for valuation purposes only, and that no interested party was to be bound to unitise from the mere fact of submitting said issue or issues to this Commission.

19. That the Commission being charged by law to encourage agreements, including unitisation, further finds that its decision as to the monetary investment value of the five test wells, as so determined, is advisory only and this Commission herein makes no order directing Superior, or any other party, to pay its proportionate share thereon.

From the foregoing Findings of Fact, this Commission makes and enters its

CONCLUSIONS OF LAW

1. That the monetary investment value of the five test wells to the operators is \$518,000.00.

2. That the Commission has jurisdiction in Cause #17 to arbitrate the monetary investment value that should be attributed to said test wells in the unitisation plans and its willingness and agreement to arbitrate the same made possible the signing by all parties of the unitisation agreements perfected in Ratherford and Aneth in causes Nos. 61 and 63.

3. That the Commission, having so determined the value of the five test wells, will make no order directing Superior or any other interested party, to pay a proportionate share thereof, and said determination is advisory only.

4. That no order shall issue herein.

DATED this _____ day of May A. D., 1962.

OIL AND GAS COMMISSION

BY _____

BEFORE THE OIL AND GAS CONSERVATION COMMISSION, STATE
OF UTAH

IN THE MATTER OF THE APPLICATION OF) TEXAS COMPANY; THE CARTER OIL) COMPANY and THE CONTINENTAL OIL) COMPANY, FOR AN ORDER ESTABLISHING) 80-ACRE DRILLING UNITS FOR THE ANETH) POOL AND THE DESERT CREEK AREA,) SAN JUAN COUNTY, UTAH (Application of) Shell Oil Company to arbitrate the issue of the) monetary investment value of the five test wells) drilled in the greater Aneth Area by applicant.)	CAUSE #17 FINDINGS OF FACT and CONCLUSIONS OF LAW.
---	--

This matter coming on regularly for hearing before the above entitled Commission on the 12th day of April, 1962, it having been continued for argument to this date and other hearings on the matter having been held before said Commission on the ___ day of _____ A. D., 196___; the petitioner Shell Oil Company being represented by Clifford L. Ashton; Howard L. Edwards and Leslie E. Kell, attorneys at law; Superior Oil Company, the opponent to the granting of said petition being represented by E. F. Patman, E. R. Criss and Brigham Roberts, attorneys at law, and the Commission having heard the evidence produced by each of said parties and having heard the arguments of their respective counsel in regard thereto, and being fully advised in the matter;

NOW, on its own motion, making the following Findings of Fact:

1. That the Commission had, and now has, jurisdiction in Cause #17 under the statutes of the State of Utah, and particularly Sections 40-6-1, 2 and 3 of the Utah Code Annotated, 1953, to establish a spacing order in the matter then before the Commission.

2. That while in session and receiving evidence in the matter of spacing in said cause, a proposal was made by Shell Oil Company to drill five test wells, on a plan known as a forty acre space pattern, rather than an eighty acre

pattern; it being the intent of Shell to prove, if said five test wells were driven with the aid of this evidence, together with the other evidence offered and produced, that the field should be placed on a forty acre pattern.

3. That at said time, and as a part of said proposal, and in keeping with the stipulations of all parties then before the Commission in Cause #17, which included Shell and Superior herein, the Commission entered its order on the 24th day of February, 1959, which, besides other things, provided in paragraph 5 thereof, the following:

"5. In the event that there is a proposed unitization for the area in which one or more of the permitted 40-acre test wells is located, and such area at such time is operating under an 80-acre temporary or permanent spacing order, and Shell Oil Company and the other operators cannot agree as to the monetary investment value, if any, that should be attributed to such well or wells in the unitization plan, the Commission shall act as arbiter on the issue as to such monetary value, and on any issue as to such other value, if any, that should be so attributed which the parties, by agreement, may submit, but the submitting of such issue or issues shall in no manner commit Shell Oil Company or any other operator to acceptance of any plan of unitization."

4. That said paragraph above was included in said order for the reason that Section 40-6-1 Utah Code Annotated, 1953, provides it is to the public interest:

"To encourage, authorize and provide for voluntary agreements for cycling, recycling, pressure maintenance, and secondary recovery operations in order that the greatest possible economic recovery of oil and gas may be obtained within the state to the end that the land owners, the royalty owners, the producers and the general public may realize and enjoy the greatest possible good from these vital natural resources."

5. That on the 24th day of February, 1960, as a further determination in the matters before the Commission in regard to spacing in said Cause #17, the Commission made and entered its order for eighty acre spacing, and in said order, besides other things retained jurisdiction as provided in paragraph #7 of said order as follows:

"7. The Commission retains continuing jurisdiction of all matters covered by this Order."

and the Commission finds that the jurisdiction so retained included the matter referred to in paragraph 5 of its order of the 24th day of February A. D. , 1959.

6. That the areas of land involved in Cause #17 are known as Ratherford and Aneth.

7. That this Commission has encouraged all parties in Cause #17, to unitize

and enter into voluntary agreements for such so that cycling, recycling, pressure maintenance and secondary recovery operations might be carried out, to the end that the greatest possible economic recovery of Oil and Gas may be obtained within the State for the benefit of the owners and royalty owners, the producers and the general public, pursuant to the statutes of the State of Utah, and have encouraged said parties to determine the value, if any, of the five test wells located within said unit which were drilled by Shell pursuant to the order of this Commission on the 24th day of February, 1959, if unitization were entered into.

8. That Ratherford was unitized September 22, 1961, by agreement and Aneth was unitized on June 26, 1961, by agreement, but that agreements were entered into after a further understanding that the value of the test wells as between Superior and Shell in said units would be determined by this Commission at a future time, all of the other parties within said units having theretofore agreed upon the value thereof.

9. That Shell filed with the Commission on October 23, 1961, a petition to hear and determine the value ^{to} ~~of~~ the operators of the five test wells, as between itself and Superior.

10. That all of the other parties set out in Cause #17, with the exception of Superior, in their agreements pertaining to the unitization of said areas, have agreed that the value of said five test wells to the units was \$518,000.00. That the only evidence to the contrary produced at said hearing is that the wells are only worth salvage value. The Commission finds however, that the unit operators have full control of the five test wells; that none of the five test wells are to be plugged and abandoned at the present time; that the actual use of the wells in the units, if any, will be determined by the operator as the secondary recovery plan progresses in a manner as the operator might determine to be to the best advantage of the unit. The Commission further finds that from a perponderance of the evidence, that the value of the wells to the units is \$518,000.00.

11. That ^{at} the commencement of this hearing on the petition of Shell to determine the value of the five test wells as between it and Superior, Superior for the first time raised the question of the jurisdiction of the Commission to determine the monetary value, even though stipulations to the contrary had been entered prior thereto by its respective counsel. The Commission finds that the jurisdiction of the Oil and Gas Commission to determine spacing and to preserve and protect the correlative rights and to provide for the greatest economic recovery was invoked and continued in effect during the hearing of Cause #17; that the drilling of the five test wells under the permission granted by the Commission, with the retention of the authority to determine their value if unitization was impeded was within the jurisdiction of said Commission under the statutes of the State of Utah.

12. That the retention of jurisdiction to arbitrate the monetary value, if any, of such well or wells in the unitization plan if Shell Oil Company and the other operators could not agree as provided in paragraph 5 of the Commission's Order of the 24th day of February, 1959, was made by the Commission for the purpose of encouraging a voluntary agreement which would assist in the cycling, recycling, the pressure maintenance and secondary recovery of said fields, in order that the greatest possible economic recovery of oil and gas might be obtained within the state to the end that the land owners, royalty owners, producers and the general public might realize and enjoy the greatest possible good.

13. The Commission further finds that the submitting of said issue, or issues as to the monetary investment value, or monetary value that should be attributed to the five test wells, as provided in its order of the 24th day of February, 1959, was for advisory purposes only, and that neither party was to be bound to unitize from the mere fact of submitting said issue or issues to this Commission.

14. The Commission further finds that it having had jurisdiction to make and enter a spacing order, and being charged by law to encourage agreements which includes unitization, further finds that any decisions as to the monetary

value of the five test wells, when so determined, should be advisory only for the reason that this Commission has no authority to make an order directing Superior, or any other party to pay its proportionate share thereon.

AS CONCLUSIONS OF LAW FROM THE ABOVE FACTS, THE COMMISSION FINDS:

1. That the value of the five test wells to the operators is \$518,000.00.

2. That the Commission retained jurisdiction in Case #17 to arbitrate the value that should be attributed to said well or wells known as the five test wells in the unitization plan and its willingness and agreement to arbitrate the same made possible the signing by all parties of the unitization agreements perfected in Ratherford and Aneth in causes Nos. 61 and 63.

3. That the Commission having so determined the value of the five test wells, has no authority to make an order directing Superior to pay its proportionate share thereof, and said decision is advisory only.

4. That no order shall issue herein.

DATED this ___ day of April A. D. , 1962.

OIL AND GAS COMMISSION

By Walter G. Mann

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF THE TEXAS COMPANY, THE CARTER OIL COMPANY AND CONTINENTAL OIL COMPANY FOR AN ORDER ESTABLISHING 80-ACRE DRILLING UNITS FOR THE ANETH POOL, SAN JUAN COUNTY, UTAH, WITH REFERENCE TO THE KNOWN PRODUCING ZONES OF THE HERMOSA FORMATION (CAUSE NO. 8)	:	
AND	:	<u>ORDER</u>
	:	CAUSE NO. 17
	:	(Consolidated Causes Nos. 8 and 11)
IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR AN ORDER ESTABLISHING 80-ACRE DRILLING AND SPACING UNITS FOR THE UPPER PARADOX SECTION OF THE HERMOSA FORMATION, DESERT CREEK AREA, SAN JUAN COUNTY, UTAH (CAUSE NO. 11)	:	

Upon reading the Petition of the Superior Oil Company and good cause appearing therefor, and it appearing that all interested parties have consented in writing to the making of the exception or amendment prayed for in such Petition, and notice having been given as required by law, now therefor,

IT IS HEREBY ORDERED that the amendment herein ordered may be made without further notice or hearing, and

IT IS FURTHER ORDERED that Finding of Fact No. 14, Conclusion of Law No. 5 and paragraph 2 of the spacing Order may be, and they hereby are, amended to permit the Superior Oil Company to develop the Southwest Quarter of Section 16, Township 41 South, Range 25 East, San Juan County, State of Utah, with two 80 acre units to consist respectively of the north half of such quarter section and the south half of such quarter section.

DATED this 21 day of June, 1960.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

/s/ Edward W. Clyde
EDWARD W. CLYDE,
COMMISSIONER PRESIDING

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLI- :
CATION OF THE TEXAS COMPANY, :
THE CARTER OIL COMPANY AND :
CONTINENTAL OIL COMPANY :
FOR AN ORDER ESTABLISHING :
80-ACRE DRILLING UNITS FOR :
THE ANETH POOL, SAN JUAN :
COUNTY, UTAH, WITH REFER- :
ENCE TO THE KNOWN PRODUC- :
ING ZONES OF THE HERMOSA :
FORMATION :
(CAUSE NO. 8) :

ORDER

CAUSE # 11 # 11

AND :

IN THE MATTER OF THE APPLI- :
CATION OF CONTINENTAL OIL :
COMPANY FOR AN ORDER ESTAB- :
LISHING 80-ACRE DRILLING AND :
SPACING UNITS FOR THE UPPER :
PARADOX SECTIONS OF THE :
HERMOSA FORMATION, DESERT :
CREEK AREA, SAN JUAN COUNTY, :
UTAH :
(CAUSE NO. 11) :

Upon reading the Petition of the Superior Oil Company and good cause appearing therefor, and it appearing that all interested parties have consented in writing to the making of the exception or amendment prayed for in such Petition, now therefor, and notice having been given as required by law,

IT IS HEREBY ORDERED that the amendment herein ordered further may be made without notice or hearing, and

IT IS FURTHER ORDERED that Finding of Fact No. 14, Conclusion of Law No. 5 and paragraph 2 of the spacing Order may be, and they hereby are, amended to permit the Superior Oil Company to develop the southwest quarter of Section 16, Township 41 South, Range 25 East, San Juan County, State of Utah, with two 80 acre units to consist respectively of the north half of

such quarter section and the south half of such quarter section.

DATED this 21 day of ~~May~~^{June}, 1960.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

By

Edmond W. Agee

Mr. H. L. H. H.

V. S. Thompson

C. P. Anderson

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF THE :
TEXAS COMPANY, THE CARTER OIL COMPANY AND :
CONTINENTAL OIL COMPANY FOR AN ORDER ESTAB- :
LISHING 80-ACRE DRILLING UNITS FOR THE : CAUSE NO. 17
ANETH POOL, SAN JUAN COUNTY, UTAH, WITH : (CONSOLIDATED CAUSES NOS.
REFERENCE TO THE KNOWN PRODUCING ZONES OF : 8 and 11)
THE HERMOSA FORMATION (CAUSE NO. 8) :

AND :

IN THE MATTER OF THE APPLICATION OF : ORDER GRANTING EXCEPTION
CONTINENTAL OIL COMPANY FOR AN ORDER ESTAB- : TO THE SPACING PATTERN
LISHING 80-ACRE DRILLING AND SPACING UNITS : AS ESTABLISHED BY THE
FOR THE UPPER PARADOX SECTION OF THE : COMMISSION'S ORDER OF
HERMOSA FORMATION, DESERT CREEK AREA, SAN : FEBRUARY 24, 1960
JUAN COUNTY, UTAH (CAUSE NO. 11)

IT APPEARING:

That Shell Oil Company has requested approval of a notice of intention to drill a well (No. North Desert Creek 44-2) on the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 2, Township 41 South, Range 23 East, SLBM, as the permitted well for the drilling or spacing unit embracing the E $\frac{1}{2}$ SE $\frac{1}{4}$ or said Section 2;

That under the Commission's order of February 24, 1960, in Cause No. 17, the permitted well location for said spacing unit would be the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 2;

That the presently drilled wells in the adjoining Sections 1, 11 and 12 of said township have been drilled in the southeast and northwest quarters of the respective quarter sections upon which drilled, and that the Shell Oil Company is the holder of a lease upon, and is the operator of, Sections 1, 2, 11, and 12 of said township;

That drilling at the exception location requested by Shell Oil Company will serve to maintain the existing well pattern in the vicinity of said proposed exception location, and that no party will be adversely affected by the granting of said requested exception;

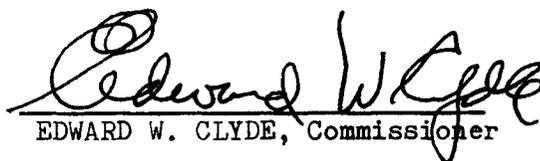
IT IS, THEREFORE, ORDERED that the exception requested by Shell Oil Company as aforesaid should be and the same is hereby granted and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ is hereby designated as the location for the permitted well for the drilling

and spacing unit comprising the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 2, Township 41 South,
Range 23 East, SLBM.

DATED this 17th day of March, 1960.

STATE OF UTAH

OIL AND GAS CONSERVATION COMMISSION


EDWARD W. CLYDE, Commissioner

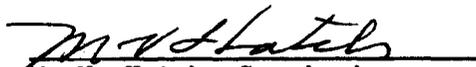
APPROVED:



C. R. Henderson, Chairman



W. G. Mann, Commissioner



M. V. Hatch, Commissioner

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF	:	
THE TEXAS COMPANY, THE CARTER OIL	:	CAUSE NO. 17
COMPANY AND CONTINENTAL OIL COMPANY	:	(CONSOLIDATED CAUSES NOS.
FOR AN ORDER ESTABLISHING 80-ACRE	:	8 AND 11)
DRILLING UNITS FOR THE ANETH POOL,	:	
SAN JUAN COUNTY, UTAH, WITH REFERENCE	:	
TO THE KNOWN PRODUCING ZONES OF THE	:	
HERMOSA FORMATION (CAUSE NO. 8)	:	

AND

IN THE MATTER OF THE APPLICATION OF	:	
CONTINENTAL OIL COMPANY FOR AN ORDER	:	<u>FINDINGS OF FACT,</u>
ESTABLISHING 80-ACRE DRILLING AND	:	<u>CONCLUSIONS OF LAW</u>
SPACING UNITS FOR THE UPPER PARADOX	:	<u>AND ORDER</u>
SECTIONS OF THE HERMOSA FORMATION,	:	
DESERT CREEK AREA, SAN JUAN COUNTY,	:	
UTAH (CAUSE NO. 11)	:	

The above captioned Cause No. 17 is before the Oil and Gas Conservation Commission of the State of Utah as a consolidation of Causes Nos. 8 and 11, such consolidation having been effected on February 2, 1959, by order of this Commission. Each of said Causes Nos. 8 and 11 arose out of an application for an order establishing 80-acre drilling and spacing units for an area defined in the particular application. Since the initiation of said proceedings, the Commission has, pursuant to several requests, permitted several additions to the areas covered by said applications as originally filed, with the result that this consolidated Cause now involves those lands hereinbelow particularly described. Hearings were held in Cause No. 8 and in Cause No. 11 prior to their consolidation, and further hearings have been held in this Cause No. 17 since such consolidation. During the extensive course of the proceedings numerous witnesses testified and many exhibits were introduced both in support of and in opposition to the applications. On January 30, 1960, upon the conclusion of the hearings in this consolidated Cause, the matter was submitted to the full Commission for decision.

NOW, THEREFORE, after due and careful consideration, this Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. The area involved in this consolidated Cause, and which is hereinafter for convenience referred to as the "Greater Aneth Area," lies within San Juan County and is described as follows:

T. 40 S., R. 23 E., SLBM

Section 1: All
Section 2: E $\frac{1}{2}$
Section 11: E $\frac{1}{2}$, SW $\frac{1}{4}$
Sections 12, 13, 14, 23 through 26,
34, 35, 36: All

T. 40 S., R. 24 E., SLBM

Sections 7 through 11,
13 through 36: All

T. 40 S., R. 25 E., SLBM

Section 16: S $\frac{1}{2}$
Section 17: S $\frac{1}{2}$
Section 18: S $\frac{1}{2}$
Sections 19, 20, 21: All
Section 22: S $\frac{1}{2}$, NW $\frac{1}{4}$
Sections 27 through 34: All

T. 41 S., R. 23 E., SLBM

Sections 1, 2, 3, 10 through 15,
22, 23, 24: All
Section 25: E $\frac{1}{2}$
Section 35: E $\frac{1}{2}$
Section 36: All

T. 41 S., R. 24 E., SLBM

Sections 1 through 24: All
Section 25: N $\frac{1}{2}$
Sections 26 through 35: All

T. 41 S., R. 25 E., SLBM

Section 3: W $\frac{1}{2}$
Sections 4 through 9: All
Section 10: NW $\frac{1}{4}$
Sections 16 through 20: All

T. 42 S., R. 23 E., SLBM

Section 1: All
Section 2: E $\frac{1}{2}$
Section 11: E $\frac{1}{2}$
Section 12: All

T. 42 S., R. 24 E., SLBM

Sections 2 through 10: All

2. The Desert Creek (Aneth) formation is continuous over the Greater Aneth Area and constitutes a common source of supply. It is

found at a depth of approximately 5600 feet below the surface of the ground and varies in thickness from 100 feet to 220 feet. The formation consists essentially of carbonate material with minor amounts of other constituents. The reservoir is what is known as a "stratigraphic trap."

3. The properties of the reservoir rock, in regard to permeability and porosity distribution, indicate a degree of heterogeneity that is common in limestone reservoirs.

4. The original reservoir pressure at a datum of 900 feet subsea was approximately 2200 pounds per square inch.

5. The producing mechanism from the original reservoir pressure down to the saturation pressure or bubble point pressure is "fluid expansion." The producing mechanism below the saturation pressure or bubble point pressure is the release of gas originally in solution in the oil or so-called "solution gas drive." The predominant producing mechanism is "solution gas drive."

6. Reduced formation pressures which have been found upon the completion of new wells show that drainage of oil and gas had occurred from under the locations of the newly drilled wells by reason of production from earlier drilled wells.

7. With the drilling of the field on an 80-acre pattern there is and will be efficient horizontal communication. In some areas of the field there is also efficient vertical communication through interfingering of reservoir layers aided by fractures, while in other areas vertical communication between layers depends to a substantial extent upon connection provided by the well bore.

8. In the five special test wells drilled by Shell Oil Company and the well layer tested by Humble Oil and Refining Company, pressure depletion from original reservoir pressure had occurred in each of the lenses and layers tested. The pressure depletion conditions found at the location of each such well were normal for a heterogeneous reservoir of this type.

9. The various layers or lenses containing oil and gas are of sufficient size that wells drilled with a density of one well to each 80 acres will, with insignificant exceptions, pierce the various layers and

provide efficient and adequate intercommunication for all parts of the reservoir.

10. While there are varying permeabilities within the pay sections throughout the field, any so-called barriers of low permeability are not continuous and do not completely surround or isolate oil and gas or create islands but, to the contrary, the pressure history of this field along with the gas/oil ratio behavior in relationship to the total cumulative production demonstrates that the field is being efficiently and economically drained by one well to each 80-acre tract.

11. Pressure differentials exist in the reservoir. These differentials are normal, are to be expected and constitute a condition necessary to the flow of oil through the reservoir into producing wells. The variation in magnitude of the pressure differentials existing within the reservoir is attributed to differences in rate of production, cumulative production, permeability, pay thickness, porosity and water saturation and differences in shut-in times prior to measurement of pressures.

12. One well to each 80 acres will efficiently and economically drain the reservoir as found in and underlying the Greater Aneth Area.

13. Eighty-acre spacing and drilling units for the Greater Aneth Area should be established in order to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties. No more than one well should be drilled on any such unit for the production of oil or gas from the Desert Creek (Aneth) formation.

14. Except for the "Specially Designated Drilling Units" hereinafter specified, the drilling and spacing units for the Greater Aneth Area should be formed by dividing each governmental quarter section into two such units to consist respectively of the east half of such quarter section and the west half of such quarter section. Each specially designated drilling unit consisting of an 80-acre tract as specifically described below should constitute a drilling and spacing unit and represents a departure from the general spacing unit pattern as set forth in the preceding sentence.

SPECIALLY DESIGNATED DRILLING UNITS

<u>80-ACRE TRACT</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$	16	40 South	24 East

<u>80-ACRE TRACT</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	16	40 South	24 East
NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	16	40 South	24 East
S $\frac{1}{2}$ SE $\frac{1}{4}$	16	40 South	24 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	16	40 South	24 East
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	16	40 South	24 East
NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	16	40 South	24 East
NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$	13	41 South	23 East
SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	13	41 South	23 East
NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$	13	41 South	23 East
NW $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	13	41 South	23 East
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	13	41 South	23 East
NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	13	41 South	23 East
S $\frac{1}{2}$ SE $\frac{1}{4}$	13	41 South	23 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	13	41 South	23 East
N $\frac{1}{2}$ SW $\frac{1}{4}$	11	41 South	24 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	11	41 South	24 East
N $\frac{1}{2}$ SE $\frac{1}{4}$	11	41 South	24 East
S $\frac{1}{2}$ SE $\frac{1}{4}$	11	41 South	24 East
NE $\frac{1}{4}$ NE $\frac{1}{4}$)	11)	41 South	24 East
NW $\frac{1}{4}$ NW $\frac{1}{4}$)	12)		
SE $\frac{1}{4}$ NE $\frac{1}{4}$)	11)	41 South	24 East
SW $\frac{1}{4}$ NW $\frac{1}{4}$)	12)		
N $\frac{1}{2}$ NE $\frac{1}{4}$	12	41 South	24 East
S $\frac{1}{2}$ NE $\frac{1}{4}$	12	41 South	24 East
N $\frac{1}{2}$ SW $\frac{1}{4}$	18	41 South	24 East
S $\frac{1}{2}$ SW $\frac{1}{4}$	18	41 South	24 East

15. Except as may be hereafter ordered by the Commission, after notice and hearing, and as hereinafter provided, in that portion of the Greater Aneth Area lying north of the San Juan River the permitted well for a spacing unit should be located in either the northwest quarter of a governmental quarter section or in the southeast quarter of a governmental quarter section and should be not less than 500 feet from any property or lease line or governmental quarter-quarter section line. Except as

hereinafter provided, in that portion of the Greater Aneth Area lying south of the San Juan River the permitted well for a spacing unit should be located in either the northeast quarter of a governmental quarter section or in the southwest quarter of a governmental quarter section and should be not less than 500 feet from any property or lease line or governmental quarter-quarter section line. An exception should be recognized for any well which has heretofore been drilled or which is now being drilled to the Desert Creek (Aneth) formation and which is not located in accordance with the general well location pattern above defined and such heretofore drilled or now being drilled well shall be the permitted well for the drilling and spacing unit upon which it is located, provided expressly that no one of the five test wells drilled by Shell Oil Company under this Commission's order of February 24, 1959 in this Cause shall constitute the permitted well for the drilling unit upon which such well was drilled unless, after notice and hearing, specifically ordered by this Commission pursuant to said Order of February 24, 1959, or otherwise; and provided further that the water injection well drilled by Phillips Petroleum Company under this Commission's order of August 5, 1959 in Cause No. 23 shall not constitute the permitted well for the drilling unit upon which such well was drilled unless, after notice and hearing, specifically so ordered by the Commission.

16. Wherever reference is made herein to a "governmental quarter-quarter section" or to any subdivision thereof or to a "governmental quarter-quarter section" or to any specific description by subdivision, section, township and range, such reference is intended, in the case of surveyed lands, to refer to the indicated quarter section or other legal subdivision as determined by the government survey and is intended, in the case of unsurveyed lands or of partially surveyed lands, to refer to the indicated quarter section or other legal subdivision as determined by and through projection or protraction from existing township surveys and/or existing township boundary line surveys.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this Cause and over the lessees and operators in the area involved. Notice

of the respective hearings and respective other proceedings in this consolidated Cause, and in Causes Nos. 8 and 11 prior to the consolidation thereof, was in each instance given in all respects as required by law.

2. The Desert Creek (Aneth) formation is continuous over the Greater Aneth Area, as such area is defined in Finding 1 of the foregoing Findings, and constitutes a common pool or source of supply.

3. One well to each 80 acres will efficiently and economically drain the said pool or common source of supply as found in and underlying the Greater Aneth Area.

4. The establishment of 80-acre spacing and drilling units for the Greater Aneth Area is necessary to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties.

5. The shape and pattern of the spacing units for the Greater Aneth Area should be as set forth and defined in Finding 14 of the foregoing Findings.

6. No more than one well should be drilled on any such spacing or drilling unit for the production of oil or gas from the Desert Creek (Aneth) formation.

7. The locations or patterns of the permitted wells should be as set forth in Finding 15 of the foregoing Findings.

8. The here-involved applications for the issuance by this Commission of an Order establishing 80-acre spacing should be granted.

ORDER

IT IS THEREFORE ORDERED by the Commission as follows:

1. That 80-acre drilling and spacing units be and the same are hereby established for the production of oil and gas from the Desert Creek (Aneth) formation underlying the Greater Aneth Area;

2. That the shape and pattern of such drilling and spacing units shall be as set forth and defined in Finding 14 of the foregoing Findings;

3. That no more than one well shall be drilled on any such unit for the production of oil or gas from the Desert Creek (Aneth) formation;

4. That the location of the permitted well for each such unit shall be as set forth and defined in Finding 15 of the foregoing Findings, provided, however, that an exception in respect to the location of a permitted well may be had without notice or hearing upon the filing with the Commission of an application showing that the proposed exception location is within the quarter-quarter section specified hereunder as the situs for the permitted well; that topographic conditions exist which reasonably require a well location nearer than 500 feet to one or more boundaries of said quarter-quarter section; and either that the ownership of all oil and gas leases within a radius of 660 feet of the proposed exception location is common with the ownership of the oil and gas leases upon the proposed exception location or that all owners of oil and gas leases within such radius have consented in writing to the proposed exception location.

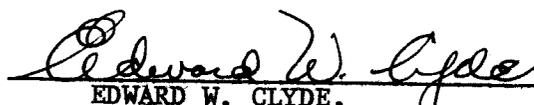
5. That nothing in the foregoing Findings of Fact or Conclusions of Law or in this Order is intended or shall be construed in any manner to determine or affect any question relating to the boundaries of any lease or the title to any lands or to determine the rights of any party in respect to any voluntary or involuntary pooling of interests within any hereby established spacing or drilling unit.

6. That this Order shall be effective forthwith; and

7. The Commission retains continuing jurisdiction of all matters covered by this Order.

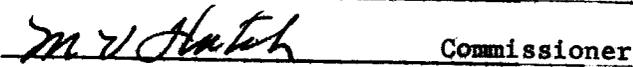
DATED this 24th day of February, 1960.

By Order of
THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH


EDWARD W. CLYDE,
Commissioner Presiding

APPROVED:





Commissioner
Commissioner
Commissioner

Copy as paid for in Rule C 3(c)

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLI- :
CATION OF THE TEXAS COMPANY, :
THE CARTER OIL COMPANY AND :
CONTINENTAL OIL COMPANY :
FOR AN ORDER ESTABLISHING :
80-ACRE DRILLING UNITS FOR :
THE ANETH POOL, SAN JUAN :
COUNTY, UTAH, WITH REFER- :
ENCE TO THE KNOWN PRODUC- :
ING ZONES OF THE HERMOSA :
FORMATION :
(CAUSE NO. 8)

CAUSE NO. 17
(CONSOLIDATED CAUSES NOS.
8 AND 11)

AND

IN THE MATTER OF THE APPLI- :
CATION OF CONTINENTAL OIL :
COMPANY FOR AN ORDER ESTAB- :
LISHING 80-ACRE DRILLING AND :
SPACING UNITS FOR THE UPPER :
PARADOX SECTIONS OF THE :
HERMOSA FORMATION, DESERT :
CREEK AREA, SAN JUAN COUNTY, :
UTAH :
(CAUSE NO. 11)

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER

The above captioned Cause No. 17 is before the Oil and Gas Conservation Commission of the State of Utah as a consolidation of Causes Nos. 8 and 11, such consolidation having been effected on February 2, 1959, by order of this Commission. Each of said Causes Nos. 8 and 11 arose out of an application for an order establishing 80-acre drilling and spacing units for an area defined in the particular application. Since the initiation of said proceedings, the Commission has, pursuant to several requests, permitted several additions to the areas covered by said applications as originally filed, with the result that this consolidated Cause now involves those lands hereinbelow particularly described. Hearings were held in Cause No. 8 and in Cause No. 11 prior to their consolidation, and further hearings have been held in this Cause No. 17 since such consolidation. During the extensive course of the proceedings numerous

witnesses testified and many exhibits were introduced both in support of and in opposition to the applications. On January 30, 1960, upon the conclusion of the hearings in this consolidated Cause, the matter was submitted to the full Commission for decision.

NOW, THEREFORE, after due and careful consideration, this Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. The area involved in this consolidated Cause, and which is hereinafter for convenience referred to as the "Greater Aneth Area," lies within San Juan County and is described as follows:

T. 40 S., R. 23 E.

Section 1: All
Section 2: $E\frac{1}{2}$
Section 11: $E\frac{1}{2}$, $SW\frac{1}{4}$
Sections 12, 13, 14, 23 through 26,
34, 35, 36: All

T. 40 S., R. 24 E.

Sections 7 through 11,
13 through 36: All

T. 40 S., R. 25 E.

Section 16: $S\frac{1}{2}$
Section 17: $S\frac{1}{2}$
Section 18: $S\frac{1}{2}$
Sections 19, 20, 21: All
Section 22: $S\frac{1}{2}$, $NW\frac{1}{4}$
Sections 27 through 34: All

T. 41 S., R. 23 E.

Sections 1, 2, 3, 10 through 15,
22, 23, 24: All
Section 25: $E\frac{1}{2}$
Section 35: $E\frac{1}{2}$
Section 36: All

T. 41 S., R. 24 E.

Sections 1 through 24: All
Section 25: $N\frac{1}{2}$
Sections 26 through 35: All

T. 41 S., R. 25 E.

Section 3: $W\frac{1}{2}$
Section 4 through 9: All
Section 10: $NW\frac{1}{4}$
Sections 16 through 20: All

T. 42 S., R. 23 E.

Section 1: All
Section 2: $E\frac{1}{2}$
Section 11: $E\frac{1}{2}$
Section 12: All

T. 42 S., R. 24 E.

Sections 2 through 10: All

2. The Desert Creek (Aneth) formation is continuous over the Greater Aneth Area and constitutes a common source of supply. It is found at a depth of approximately 5600 feet below the surface of the ground and varies in thickness from 100 feet to 220 feet. The formation consists essentially of carbonate material with minor amounts of other constituents. The reservoir is what is known as a "stratigraphic trap."

3. The properties of the reservoir rock, in regard to permeability and porosity distribution, indicate a degree of heterogeneity that is common in limestone reservoirs.

4. The original reservoir pressure at a datum of 900 feet sub-sea was approximately 2200 pounds per square inch.

5. The producing mechanism from the original reservoir pressure down to the saturation pressure or bubble point pressure is "fluid expansion." The producing mechanism below the saturation pressure or bubble point pressure is the release of gas originally in solution in the oil or so-called "solution gas drive." The predominant producing mechanism is "solution gas drive."

6. Reduced formation pressures which have been found upon the completion of new wells show that drainage of oil and gas had occurred from

under the locations of the newly drilled wells by reason of production from earlier drilled wells.

7. ~~Numerous pressure interference tests have been conducted in all parts of the reservoir which have established the presence of both lateral and vertical communication.~~ With the drilling of the field on an 80-acre pattern there is and will be efficient horizontal communication. In some areas of the field there is also efficient vertical communication through interfingering of reservoir layers aided by fractures, while in other areas vertical communication between layers depends to a substantial extent upon connection provided by the well bore.

8. In the five special test wells drilled by Shell Oil Company and the well layer tested by Humble Oil and Refining Company, pressure depletion from original reservoir pressure had occurred in each of the lenses and layers tested. The pressure depletion conditions found at the location of each such well were normal for a heterogeneous reservoir of this type.

9. The various layers or lenses containing oil and gas are of sufficient size that wells drilled with a density of one well to each 80 acres will, with insignificant exceptions, pierce the various layers and provide efficient and adequate intercommunication for all parts of the reservoir.

10. While there are varying permeabilities within the pay sections throughout the field, any so called barriers of low permeability are not continuous and do not completely surround or isolate oil and gas or create islands but, to the contrary, the pressure history of this field along with the gas/oil ratio behavior in relationship to the total cumulative production demonstrates that the field is being efficiently and economically drained by one well to each 80-acre tract.

11. Pressure differentials exist in the reservoir. These differentials are normal, are to be expected and constitute a condition necessary to the flow of oil through the reservoir into producing wells. The variation in magnitude of the pressure differentials existing within the reservoir is attributed to differences in rate of production, cumulative production, permeability, pay thickness, porosity and water saturation and differences in shut-in times prior to measurement of pressures.

12. One well to each 80 acres will efficiently and economically drain the reservoir as found in and underlying the Greater Aneth Area.

13. Eighty-acre spacing and drilling units for the Greater Aneth Area should be established in order to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties. No more than one well should be drilled on any such unit for the production of oil or gas from the Desert Creek (Aneth) formation.

14. Except for the "Specially Designated Drilling Units" hereinafter specified, the drilling and spacing units for the Greater Aneth Area should be formed by dividing each governmental quarter section into two such units to consist respectively of the east half of such quarter section and the west half of such quarter section. Each specially designated drilling unit consisting of an 80-acre tract as specifically described below should constitute a drilling and spacing unit and represents a departure from the general spacing unit pattern as set forth in the preceding sentence.

SPECIALLY DESIGNATED DRILLING UNITS

<u>80-ACRE TRACT</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$	16	40 South	24 East
SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	16	" "	" "
NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	16	" "	" "
S $\frac{1}{2}$ SE $\frac{1}{4}$	16	" "	" "

<u>80-ACRE TRACT</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
$S\frac{1}{2}SW\frac{1}{4}$	16	40 South	24 East
$SW\frac{1}{4}NW\frac{1}{4}, NW\frac{1}{4}SW\frac{1}{4}$	16	" "	" "
$NW\frac{1}{4}NW\frac{1}{4}, SE\frac{1}{4}NW\frac{1}{4}$	16	" "	" "
$NE\frac{1}{4}NE\frac{1}{4}, SW\frac{1}{4}NE\frac{1}{4}$	13	41 South	23 East
$SE\frac{1}{4}NE\frac{1}{4}, NE\frac{1}{4}SE\frac{1}{4}$	13	" "	" "
$NW\frac{1}{4}NE\frac{1}{4}, NE\frac{1}{4}NW\frac{1}{4}$	13	" "	" "
$NW\frac{1}{4}NW\frac{1}{4}, SE\frac{1}{4}NW\frac{1}{4}$	13	" "	" "
$SW\frac{1}{4}NW\frac{1}{4}, NW\frac{1}{4}SW\frac{1}{4}$	13	" "	" "
$NW\frac{1}{4}SE\frac{1}{4}, NE\frac{1}{4}SW\frac{1}{4}$	13	" "	" "
$S\frac{1}{2}SE\frac{1}{4}$	13	" "	" "
$S\frac{1}{2}SW\frac{1}{4}$	13	" "	" "
$N\frac{1}{2}SW\frac{1}{4}$	11	41 South	24 East
$S\frac{1}{2}SW\frac{1}{4}$	11	" "	" "
$N\frac{1}{2}SE\frac{1}{4}$	11	" "	" "
$S\frac{1}{2}SE\frac{1}{4}$	11	" "	" "
$NE\frac{1}{4}NE\frac{1}{4})$	11)	" "	" "
$NW\frac{1}{4}NW\frac{1}{4})$	12)	" "	" "
$SE\frac{1}{4}NE\frac{1}{4})$	11)	" "	" "
$SW\frac{1}{4}NW\frac{1}{4})$	12)	" "	" "
$N\frac{1}{2}NE\frac{1}{4}$	12	" "	" "
$S\frac{1}{2}NE\frac{1}{4}$	12	" "	" "
$N\frac{1}{2}SW\frac{1}{4}$	18	" "	" "
$S\frac{1}{2}SW\frac{1}{4}$	18	" "	" "

15. Except ^{as may be} hereinafter ordered by the Commission, ^{after notice & hearing}

Aneth Area lying north of the San Juan River the permitted well for a spacing unit should be located in either the northwest quarter of a governmental quarter section or in the southeast quarter of a governmental quarter section and should be not less than 500 feet from any property or

X
lease line or governmental quarter-quarter section line. Except as herein-
after provided, in that portion of the Greater Aneth Area lying south of the
San Juan River the permitted well for a spacing unit should be located in
either the northeast quarter of a governmental quarter section or in the
southwest quarter of a governmental quarter section and should be not less
than 500 feet from any property or lease line or governmental quarter-quarter
section line. An exception should be recognized for any well which has
heretofore been drilled or which is now being drilled to the Desert Creek
(Aneth) formation and which is not located in accordance with the general
well location pattern above defined and such heretofore drilled or now
being drilled well shall be the permitted well for the drilling and spacing
unit upon which it is located, provided expressly that no one of the five test
wells drilled by Shell Oil Company under this Commission's order of
February 24, 1959 in this Cause shall constitute the permitted well for the
drilling unit upon which such well was drilled; ^{unless after notice & hearing, specifically ordered by the Commission pursuant to said order of Feb 24, 1959 or otherwise} and provided further that
the water injection well drilled by Phillips Petroleum Company under this
Commission's order of August 5, 1959 in Cause No. 23 shall not constitute
the permitted well for the drilling unit upon which such well was drilled.

16. Wherever reference is made herein to a "governmental quarter section" or to any subdivision thereof or to a "governmental quarter-quarter section" or to any specific description by subdivision, section, township and range, such reference is intended, in the case of surveyed lands, to refer to the indicated quarter section or other legal subdivision as determined by the government survey and is intended, in the case of unsurveyed lands or of partially surveyed lands, to refer to the indicated quarter section or other legal subdivision as determined by and through projection or protraction from existing township surveys and/or existing township boundary line surveys.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of this Cause and over the lessees and operators in the area involved. Notice of the respective hearings and respective other proceedings in this consolidated Cause, and in Causes Nos. 8 and 11 prior to the consolidation thereof, was in each instance given in all respects as required by law.
2. The Desert Creek (Aneth) formation is continuous over the Greater Aneth Area, as such area is defined in Finding 1 of the foregoing Findings, and constitutes a common pool or source of supply.
3. One well to each 80 acres will efficiently and economically drain the said pool or common source of supply as found in and underlying the Greater Aneth Area.
4. The establishment of 80-acre spacing and drilling units for the Greater Aneth Area is necessary to prevent waste, to avoid the drilling of unnecessary wells and to protect the correlative rights of interested parties.
5. The shape and pattern of the spacing units for the Greater Aneth Area should be as set forth and defined in Finding 14 of the foregoing Findings.
6. No more than one well should be drilled on any such spacing or drilling unit for the production of oil or gas from the Desert Creek (Aneth) formation.
7. The locations or patterns of the permitted wells should be as set forth in Finding 15 of the foregoing Findings.
8. The here-involved applications for the issuance by this Commission of an Order establishing 80-acre spacing should be granted.

ORDER

IT IS THEREFORE ORDERED by the Commission as follows:

1. That 80-acre drilling and spacing units be and the same are hereby established for the production of oil and gas from the Desert Creek (Aneth) formation underlying the Greater Aneth Area;
2. That the shape and pattern of such drilling and spacing units shall be as set forth and defined in Finding 14 of the foregoing Findings;
3. That no more than one well shall be drilled on any such unit for the production of oil or gas from the Desert Creek (Aneth) formation;
4. That the location of the permitted well for each such unit shall be as set forth and defined in Finding 15 of the foregoing Findings, provided, however, that an exception in respect to the location of a permitted well may be had without notice or hearing upon the filing with the Commission of an application showing that the proposed exception location is within the quarter-quarter section specified hereunder as the situs for the permitted well; that topographic conditions exist which reasonably require a well location nearer than 500 feet to one or more boundaries of said quarter-quarter section; and either that the ownership of all oil and gas leases within a radius of 660 feet of the proposed exception location is common with the ownership of the oil and gas leases upon the proposed exception location or that all owners of oil and gas leases within such radius have consented in writing to the proposed exception location; ~~and~~

5 That this Order shall be effective forthwith, *and*

DATED this day of February, 1960.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

C. R. Henderson, Chairman

The Commission retains continuing jurisdiction of all matters covered by this order.

February 8, 1960

RE: Cause No. 17 before the Utah Oil and Gas Conservation Commission

Copies of proponents' proposed Findings of Fact, Conclusions of Law and Order and copies of our letters of this date to the Commission and to Shell Oil Company were this day mailed as follows:

Mr. Quilman B. Davis
920 Mercantile Securities Bldg.
Dallas, Texas
for AZTEC OIL AND GAS CO. (2)

Mr. A. T. Smith
1755 Glenarm Place
Denver 2, Colorado
for CONTINENTAL OIL COMPANY (6)

Mr. Booth Kellough
P. O. Box 2097
Denver, Colorado
for GULF OIL CORPORATION (3)

Mr. Hugh C. Garner
First Security Building
Salt Lake City 11, Utah
for GULF OIL CORPORATION (1)

Mr. William S. Livingston
P. O. Box 120
Denver, Colorado
for HUMBLE OIL & REFINING CO.,
CARTER DIVISION (6)

Mr. Lawrence McKay
10 Exchange Place
Salt Lake City 11, Utah
for HUMBLE OIL & REFINING CO.,
CARTER DIVISION (1)

Mr. Cecil C. Hamilton
1211 First National Building
Oklahoma City, Oklahoma
for PHILLIPS PETROLEUM COMPANY (3)

Mr. Shofner Smith
Bartlesville
Oklahoma
for PHILLIPS PETROLEUM CO. (3)

Mr. J. W. Gee
P. O. Box 120
Casper, Wyoming
for PURE OIL COMPANY, SUN OIL
COMPANY, OHIO OIL COMPANY (5)

Mr. C. J. Eskridge
Melrose Building
Houston, Texas
for REYNOLDS MINING CO. (1)

Mr. James H. McGowan
P. O. Box 521
Tulsa, Oklahoma
for SINCLAIR OIL AND GAS CO. (3)

Mr. George W. Selinger
P. O. Box 1650
Tulsa, Oklahoma
for SKELLY OIL COMPANY (2)

Mr. Burns H. Errebo
P. O. Box 2039
Tulsa 2, Oklahoma
for SUNRAY MID-CONTINENT OIL CO. (1)

Mr. Donald B. Holbrook
Walker Bank Building
Salt Lake City 11, Utah
for THE SUPERIOR OIL CO. (8)

Mr. Johnston S. Rowe
P. O. Box 3109
Midland, Texas
for TEXACO INC. (7)

Mr. Emerson C. Willey
Boston Building
Salt Lake City 11, Utah
for TEXOTA CORPORATION, et al. (2)

Mr. Joseph Donahue
17th Floor Corrigan Tower
Dallas 1, Texas
for THREE STATES NATURAL GAS CO. (1)

Mr. D. H. Meyer
211 East Third South
Salt Lake City 11, Utah
for STANDARD OIL CO. OF CALIF. (1)

NOTE: Number of copies of proposed Findings, Conclusions and Order appears in parentheses following name of addressee.

Clair M. Senior

FEB 8 1960

INSERT "D"

New paragraph 5 for the Order:

5. That nothing in the foregoing Findings of Fact or Conclusions of Law or in this Order is intended or shall be construed in any manner to determine or affect any question relating to the boundaries of any lease or the title to any lands or to determine the rights of any party in respect to any voluntary or involuntary pooling of interests within ^{any ~~any~~ *units established*} spacing or drilling unit.

Present paragraph "5" becomes "6"

Suggested new paragraph "6" will become "7"

RE: Cause 17 - Utah OGCC - Proposed changes for Findings, Conclusions and Order.

INSERT "A"

Page 7 - paragraph 15 - line 15

After the words "was drilled" and before ";" - 3 forms of a suggested change:

"unless, after notice and hearing, specifically ordered by this Commission pursuant to said Order of February 24, 1959, or otherwise "

"unless specifically so ordered by the Commission, after notice and hearing, pursuant to said Order of February 24, 1959, or otherwise."

"unless specially so ordered by the Commission, after notice and hearing, pursuant to said Order of February 24, 1959, or otherwise"

INSERT "B"

Page 7 - paragraph 15 - last line of paragraph

After the words "was drilled" and before "." - 3 forms of a suggested change:

"unless, after notice and hearing, specifically so ordered by the Commission"

"unless, after notice and hearing, specially so ordered by the Commission"

INSERT "C"

Page 9 - after paragraph 5 - the following additional paragraph:

" 6. That the Commission retains continuing jurisdiction of all matters covered by this Order."

BEFORE THE OIL AND GAS CONSERVATION COMMISSION

OF THE STATE OF UTAH

.....

IN THE MATTER OF THE APPLICATION :
OF THE TEXAS COMPANY, THE CARTER :
OIL COMPANY AND CONTINENTAL OIL :
COMPANY FOR AN ORDER ESTABLISHING :
80-ACRE DRILLING UNITS FOR THE :
ANETH POOL, SAN JUAN COUNTY, UTAH, :
WITH REFERENCE TO THE KNOWN PRODUCING : CAUSE NO. 17
ZONES OF THE HERMOSA FORMATION : (CONSOLIDATED CAUSES 8 AND 11)
(CAUSE NO. 8) :

AND :

IN THE MATTER OF THE APPLICATION OF : MEMORANDUM OPINION
CONTINENTAL OIL COMPANY FOR AN ORDER :
ESTABLISHING 80-ACRE DRILLING AND :
SPACING UNITS FOR THE UPPER PARADOX :
SECTION OF THE HERMOSA FORMATION, :
SAN JUAN COUNTY, UTAH (CAUSE NO. 11) :

.....

This matter having been submitted to this commission for decision and the commission having considered the evidence adduced has determined that the petition for the establishment of eighty-acre spacing for the lands embraced in this consolidated cause should be granted.

Findings of Fact and Conclusions of Law should be prepared by the proponents of eighty-acre spacing within ten days from the date hereof and served by mail upon Shell Oil Company. Shell Oil Company may, within ten days thereafter, prepare and serve objections or proposed substitute Findings and Conclusions of Law, and the commission will meet on the 24th day of February, 1960, at the hour of ten o'clock A. M. in the Commission Offices, 310 Newhouse Building, Salt Lake City, Utah, to settle the findings and enter a formal order.

The findings may include the following:

1. That the gas and oil underlying the lands involved in this consolidated cause constitute one common source of supply.
2. That the reservoir is a heterogeneous reservoir with the oil and gas occurring in several lenses and layers; that if the field is drilled on an eighty-acre pattern there will be, and is, efficient horizontal communication; that in some areas of the field there is also efficient vertical communication through interfingering of the layers, aided somewhat by fractures, but in other areas, vertical communication between layers must at least to a substantial extent depend upon the well bore.

3. The evidence shows that the various layers or lenses of oil and gas are large enough in size so that wells drilled with a density of one well to each eighty acres will, with insignificant exceptions, pierce the various layers and provide efficient and adequate vertical communication.

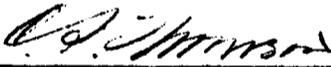
4. While there are varying permeabilities within the pay sections throughout the field, the so-called barriers of low permeability are not continuous and do not completely surround and isolate oil and gas, nor create islands, but, to the contrary, the pressure history of this field along with the gas/oil ratio behavior in relationship to the total cumulative production demonstrates that the field is being efficiently and economically drained by one well to each eighty-acre tract.

Dated this 30th day of January, 1960.

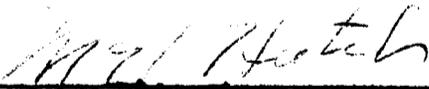
UTAH OIL AND GAS CONSERVATION COMMISSION


Edward W. Clyde, Commissioner Presiding


C. R. HENDERSON, Chairman


C. S. THOMSON, Commissioner


W. G. MANN, Commissioner


M. V. HATCH, Commissioner

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF)
THE TEXAS COMPANY, THE CARTER OIL)
COMPANY AND CONTINENTAL OIL COMPANY)
FOR AN ORDER ESTABLISHING 80-ACRE)
DRILLING UNITS FOR THE ANETH POOL,)
SAN JUAN COUNTY, UTAH, WITH REFERENCE)
TO THE KNOWN PRODUCING ZONES OF THE)
HERMOSA FORMATION (CAUSE NO. 8))

AND)

IN THE MATTER OF THE APPLICATION OF)
CONTINENTAL OIL COMPANY FOR AN ORDER)
ESTABLISHING 80-ACRE DRILLING AND)
SPACING UNITS FOR THE UPPER PARADOX)
SECTION OF THE HERMOSA FORMATION,)
DESERT CREEK AREA, SAN JUAN COUNTY,)
UTAH (CAUSE NO. 11))

FINDINGS OF FACT AND
CONCLUSIONS OF LAW

CAUSE NO. 17

This Cause, being a consolidation of Cause 8 and Cause 11, heretofore pending before this Commission, and said Cause 8 having come on regularly for hearing before this Commission on September 27, 1957 and this Commission having received evidence in support of the application and the evidence of Shell Oil Company, Protestant, in said Cause 8, and being fully advised in the premises and having heretofore on January 8, 1958 entered its order denying the said application, said order being attached hereto as Exhibit "A" and made a part hereof as though fully set forth; and Cause 8 having come on regularly for hearing before this Commission on the 9th day of December, 1957, and the Commission having received and considered evidence in support of said application and the evidence of Shell Oil Company protesting said application, and on February 2, 1959 this Commission by its Order having consolidated Cause 8 and Cause 11 for hearing and the said order further provided that the provisions in the Order dated January 8, 1959 (Exhibit "A") should apply to the matters at issue in said Cause and the above Cause 17 having come on regularly for hearing before this Commission on November 10, 1959 and the Commission having heard evidence of the parties hereto and having found it has complete jurisdiction herein and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT

1. That the lands sought to be spaced in the above Cause are situate in San Juan County, Utah and are more particularly shown and described on the Plat attached hereto as Exhibit "B" and overlay a pool of oil and gas which constitutes a common source of supply.

2. That the reservoir is the Desert Creek Zone, an interval of carbonate rock occurring near the top of the Paradox member of the Pennsylvanian Hermosa Formation. Oil occurs in an interval of layered carbonate rock which is characterized by extremely rapid lateral and vertical changes.

3. That the producing section of the reservoir averages 170 feet in gross thickness, is bounded above and below by black shale members and consists of limestone and dolomite of varying degrees of shaliness with occasional thin layers of interbedded shale.

4. That there are three porosity types within the reservoir - (a) Subzone I - averaging 12% porosity and 10 millidarcies permeability and consisting of the upper 50% of the section, (b) Subzone II - averaging 10% porosity and 50 millidarcies permeability and consisting of the middle 40% of the section, and (c) Subzone III - averaging 20-25% porosity and permeability averaging a fraction of a millidarcy, Subzone III being non-productive of oil and gas.

5. That within each Subzone, the producing reservoir rock occurs in layers in between which is dense, non-productive "Country Rock".

6. That there are extreme variations in porosity and permeability, both vertically and horizontally.

7. That certain porous rock containing oil within the gross section will not produce oil and gas or permit the flow of significant oil or gas; i.e., (a) Subzone I reservoir rock having porosity of 5% effective (6% total) or less, and (b) Subzone II reservoir rock having porosity of 3% effective (4% total) or less.

8. That the reservoir rock containing air permeability of .1 millidarcy or less will not produce significant oil and gas or permit the flow of significant oil and gas.

9. That oil and gas is produced by means of fluid expansion.

10. That there are some random fractures within the producing section but the fractures do not provide a means of effective communication through the non-producing reservoir rock.

11. That there is ^{not sufficient} no effective vertical communication between oil producing layers of reservoir rock except within the respective well bores.

12. Protestant, pursuant to an application and order of the Commission drilled five 40 acre test wells at various locations in the reservoir. Each productive interval in each of the several wells was separately and extensively tested and the true static pressure in the test well area was thus obtained.

13. Pressure information obtained in the five test wells showed that random barriers to fluid flow exist in this reservoir which prevent the efficient lateral and vertical migration of oil to presently existing wells.

14. The five 40 acre test wells show that drilling and producing 40 acre infill wells will result in additional primary recovery within a range of 59,000 barrels to 261,000 barrels of additional oil per 40 acre well which will not otherwise be produced by primary means.

15. That drilling and producing of additional 40 acre infill wells will result in an average recovery of 140,000 barrels per well of additional oil with substantial profits for the operators and royalty owners.

16. That drilling 40 acre infill wells will result in better communication between the reservoir and the wells and will be beneficial in any future fluid injection operations.

CONCLUSIONS OF LAW

1. That drilling units of one well to each 80 acre tract will not efficiently and economically drain the reservoir; that drilling units of such size will cause waste of oil and gas.

2. That to prevent waste of oil and gas and to efficiently and economically drain the oil and gas in this reservoir, it should be spaced in accordance with the general well spacing rule of the State of Utah of one well to each 40 acre tract.

3. The applications herein for the establishment of drilling units of one well to each 80 acre tract should be denied.

Dated this _____ day of _____, 1960.

THE UTAH OIL AND GAS CONSERVATION
COMMISSION

COMMISSIONERS

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION :
OF THE TEXAS COMPANY, THE CARTER :
OIL COMPANY AND CONTINENTAL OIL :
COMPANY FOR AN ORDER ESTABLISHING :
80-ACRE DRILLING UNITS FOR THE :
ANETH POOL, SAN JUAN COUNTY, UTAH, :
WITH REFERENCE TO THE KNOWN PRO- :
DUCING ZONES OF THE HERMOSA FORMA- :
TION (CAUSE NO. 8) : CAUSE NO. 17

AND :

IN THE MATTER OF THE APPLICATION : O R D E R
OF CONTINENTAL OIL COMPANY FOR AN :
ORDER ESTABLISHING 80-ACRE DRILL- :
ING AND SPACING UNITS FOR THE :
UPPER PARADOX SECTION OF THE :
HERMOSA FORMATION, DESERT CREEK :
AREA, SAN JUAN COUNTY, UTAH :
(CAUSE NO. 11)

Pursuant to the rulings of this Commission during the hearing on the above-entitled cause, and upon motion of Donald B. Holbrook, one of the attorneys for The Superior Oil Company, IT IS HEREBY ORDERED that the Secretary of this Commission file and include as a part of the record in the above-entitled cause, the Proffer of Proof of The Superior Oil Company, consisting of the affidavits of Alexander Wolf and Martin G. Miller with accompanying exhibits.

IT IS FURTHER ORDERED that a copy of the Proffer of Proof of The Superior Oil Company and a copy of this order be mailed to each of the parties of record in the above-entitled cause.

Dated this 15th day of December, 1959.

UTAH OIL AND GAS CONSERVATION
COMMISSION

By 
Edward W. Clyde,
Commissioner Presiding

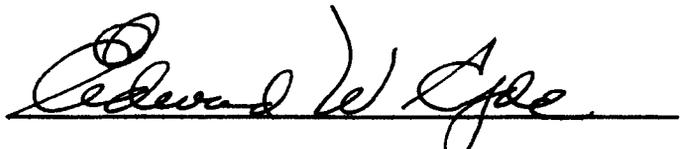
BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF THE TEXAS COMPANY, THE CARTER OIL COMPANY AND CONTINENTAL OIL COMPANY FOR AN ORDER ESTABLISH- ING 80-ACRE DRILLING UNITS FOR THE ANETH POOL, SAN JUAN COUNTY, UTAH, WITH REFERENCE TO THE KNOWN PRODUCING ZONES OF THE HERMOSA FORMATION (CAUSE NO. 8)	:	CAUSE NO. 17
AND	:	ORDER EXTENDING TIME WITHIN WHICH THE SUPERIOR OIL COMPANY IS TO SERVE AND FILE EXHIBITS
IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR AN ORDER ESTABLISHING 80-ACRE DRILLING AND SPACING UNITS FOR THE UPPER PARADOX SECTION OF THE HERMOSA FORMATION, DESERT CREEK AREA, SAN JUAN COUNTY, UTAH (CAUSE NO. 11)	:	

Upon reading and filing the affidavit of Donald B. Holbrook,
one of the attorneys for THE SUPERIOR OIL COMPANY and good cause
appearing therefor,

IT IS HEREBY ORDERED that the time within which THE
SUPERIOR OIL COMPANY is to mail to the Commission and each party
of record one copy of each exhibit to be presented in the above-
entitled cause be and the same hereby is extended to and including
October 24, 1959.

Dated this 2 day of October, 1959.



Commissioner

State of Utah
OIL & GAS CONSERVATION COMMISSION

310 Newhouse Building
Salt Lake City 11, Utah

March 5, 1959

MEMORANDUM:

Re: CAUSE NO. 17 + (Consolidation
of Causes Nos. 8 and 11)

The Shell, Texas and Continental Oil Companies were
inadvertently omitted from Page 1 of your copy of the above
mentioned order.

Herewith is a corrected copy of Page 1 to substitute
therefor .

Yours very truly,

OIL & GAS CONSERVATION COMMISSION

Cleon B. Feight
CLEON B. FEIGHT
EXECUTIVE SECRETARY

CBF:co

Attachment

BEFORE THE OIL AND GAS CONSERVATION COMMISSION

OF THE STATE OF UTAH

.....

IN THE MATTER OF THE APPLICATION :
OF THE TEXAS COMPANY, THE CARTER :
OIL COMPANY AND CONTINENTAL OIL :
COMPANY FOR AN ORDER ESTABLISHING :
80-ACRE DRILLING UNITS FOR THE :
ANETH POOL, SAN JUAN COUNTY, UTAH, :
WITH REFERENCE TO THE KNOWN PRODUCING :
ZONES OF THE HERMOSA FORMATION :
(CAUSE NO. 8) :

CAUSE NO. 17

(CONSOLIDATION OF CAUSES
NOS. 8 AND 11.)

AND :

IN THE MATTER OF THE APPLICATION :
OF CONTINENTAL OIL COMPANY FOR AN :
ORDER ESTABLISHING 80-ACRE DRILLING :
AND SPACING UNITS FOR THE UPPER :
PARADOX SECTION OF THE HERMOSA :
FORMATION, DESERT CREEK AREA, SAN :
JUAN COUNTY, UTAH (CAUSE NO. 11) :

.....

ORDER GRANTING TO PROTESTANT, SHELL OIL COMPANY, PERMISSION TO DRILL
UP TO FIVE FORTY-ACRE TEST WELLS FOR THE PURPOSE OF OBTAINING EVIDENCE AND
PRESCRIBING THE CONDITIONS UNDER WHICH SUCH WELLS MAY BE DRILLED.

This matter came on for hearing on February 2, 1959 before the Oil
and Gas Conservation Commission of the State of Utah pursuant to regular
notice and setting, appearances being entered herein by The Superior Oil
Company, Texota Oil Company, Robert W. Burton, Allen W. Hinke, The Carter
Oil Company, Shell Oil Company, The Texas Company, Continental Oil Company,
Sinclair Oil and Gas Company, Gulf Oil Corporation, Phillips Petroleum
Company, Sunray Mid-Continent Oil Company, Skelly Oil Company, Aztec Oil
and Gas Company, Pure Oil Company, Sun Oil Company, Ohio Oil Company,
Reynolds Mining Company, Three States Natural Gas Company, and Standard Oil
Company of California.

Shell Oil Company, Protestant herein, having on this date and in
open hearing filed herein its Application for permission to drill certain
40-acre test wells for the purpose of obtaining additional evidence, all as
more fully set forth in said Application;

The Commission stated that it would consider the said Application
of Shell Oil Company before proceeding further in the hearing if there was
no objection by any party to such consideration of the Application by reason
of the fact that Notice of Hearing on such Application had not been formally
given, or for any other reason.

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409

The Commission thereupon asked in open hearing if there was objection to proceeding at once with a hearing on the said Application of Shell Oil Company and that if there was objection that such hearing would be continued, but that if there was no objection, it would be considered that Notice was waived and that the matter would be heard; and

No objection having been made, the Commission announced that it would proceed with the hearing on the said Application of Shell Oil Company.

Whereupon, evidence was introduced and statements were made both in support of and in opposition to said Application.

Now, after hearing said evidence and statements and being advised in the premises, the Commission is of the opinion that the said 40-acre test wells as applied for by Shell Oil Company may result in obtaining additional evidence of importance to a proper solution of the issues involved in this consolidated Cause, and that Shell Oil Company should be permitted to drill the requested wells for the purpose of obtaining additional evidence, subject to certain requirements and restrictions as hereinafter set forth.

NOW, THEREFORE, upon the basis of the evidence adduced and all parties except Reynolds Mining Company having withdrawn objections and Shell Oil Company consenting to the requirements and restrictions by this Order imposed, IT IS ORDERED by the Commission that, subject to such requirements and restrictions, Shell Oil Company is granted permission to drill up to five 40-acre test wells through the known producing zones of the Hermosa formation in the Aneth and Desert Creek Areas, and at the following locations, to-wit:

Aneth State III 32-16 (SW $\frac{1}{2}$ NE $\frac{1}{2}$, 16-40S-24E)

Aneth Burton 22-13 (SE $\frac{1}{2}$ NW $\frac{1}{2}$, 13-40S-23E)

Ratherford North Desert Creek 32-13 (SW $\frac{1}{2}$ NE $\frac{1}{2}$, 13-41S-23E)

Ratherford North Desert Creek 13-12 (NW $\frac{1}{2}$ SW $\frac{1}{2}$, 12-41S-23E)

Ratherford North Desert Creek 41-12 (NE $\frac{1}{2}$ NE $\frac{1}{2}$, 12-41S-23E)

IT IS FURTHER ORDERED that permission to drill said wells is granted subject to the following requirements and restrictions:

1. The Commission reserves the right to control the order in which said test wells are drilled and to re-examine the stated locations to the extent of two thereof if it feels that other locations should be substituted therefor, but it shall be optional with Shell Oil Company to decline to drill any test well as to which a substituted location is so designated by the Commission.

2. The said test wells shall be drilled for the purpose of obtaining additional evidence as to the nature of the reservoir, and no such test well shall be used for the purpose of increasing Shell Oil Company's permissible rate of production from the known producing zones of the Hermosa formation in the Aneth and Desert Creek Areas on the 80-acre tract upon which such test well is drilled for so long as either a temporary or permanent 80-acre spacing order is in effect as to the area in which such test well is located. Prior to the commencement of drilling each of such test wells, Shell Oil Company shall file with the Commission a designation of the 80-acre tract to which such test well is attributable, such 80-acre tract to have an existing well thereon. No such test well shall be produced from the known producing zones of the Hermosa formation in the Aneth and Desert Creek Areas for so long as either a temporary or permanent 80-acre spacing order is in effect as to the area in which the test is located, except incident to the conducting of selected-intervals production tests unless authorized by the Commission, after notice and hearing, upon the basis of a finding by the Commission either (1) that the presently existing well on the 80-acre tract is incapable of being produced or (2) that the test well penetrates an interval or intervals the production of which should be permitted because such interval or intervals will not be drained by other than existing wells or (3) that there exist some other circumstances which involve comparable considerations which would not, by reason of the production of the test well, accord to Shell Oil Company any unfair production advantage. Except where production of the test well in lieu of the existing well is authorized by the Commission, any production from a test well shall be applied in reduction of the amount of the permissible production from the existing well on the designated 80-acre tract upon which the test well is drilled.

3. Each of said test wells shall be tested by Shell Oil Company in the general manner outlined in its said Application, but there shall be a flexibility of testing so as to obtain the maximum amount of evidence as to the nature of the reservoir or reservoirs helpful in a proper determination of the issues in this Cause.

4. The drilling of said test wells and the testing thereof shall be diligently carried on by Shell Oil Company and shall be completed within six months from the date hereof.

5. In the event that there is a proposed unitization for the area in which one or more of the permitted 40-acre test wells is located, and

such area at such time is operating under an 80-acre temporary or permanent spacing order, and Shell Oil Company and the other operators cannot agree as to the monetary investment value, if any, that should be attributed to such well or wells in the unitization plan, the Commission shall act as arbiter on the issue as to such monetary value, and on any issue as to such other value, if any, that should be so attributed which the parties, by agreement, may submit, but the submitting of such issue or issues shall in no manner commit Shell Oil Company or any other operator to acceptance of any plan of unitization.

6. If the Commission determines, after hearing, that in any shut-in test wells drilled pursuant to this order there are leaks between intervals that are detrimental to the reservoir or that give to Shell Oil Company an unfair advantage, the Commission may order that a cement plug, oil base mud, or similar type of corrective measure be taken, but this shall not be construed to mean that such well shall be plugged and abandoned by the pulling of casing and the complete plugging and abandoning of such well.

7. If, during said six-month testing period, any other party offers to drill, and does drill, a 40-acre test well and to test it in the manner proposed by Shell Oil Company, or similar manner, then such other test well, at Shell Oil Company's option, may be considered in lieu of one of Shell Oil Company's proposed wells, and the requirement and restrictions herein set forth as to Shell Oil Company's test wells shall apply with equal force to the test well or test wells of such other party or parties.

8. During the six months' test period above referred to, Shell Oil Company, in conducting in its 40-acre test wells any test or tests, and any party or parties in the subject area proposing to conduct in any hereafter drilled well any test or tests similar in nature and extent to those proposed by Shell Oil Company in its Application, shall notify in writing this Commission, the United States Geological Survey, and all parties who have entered an appearance in this Cause and who have advised the drilling party and the Commission in writing of such desire to receive such notices, at least fifteen days in advance of the expected date of penetration of the base of the black shale overlying the known producing zones of the Hermosa formation in the Aneth and Desert Creek Areas. Such written notice shall contain the following pertinent information in so far as then determined:

- (1) Proposed casing program (sizes and depths)

- (2) Coring program (technique and fluid)
- (3) Proposed size hole in contemplated test interval of intervals
- (4) Estimated total depth
- (5) Logging schedule
- (6) Proposed test procedures and tools
- (7) Proposed program of production tests.

A party entitled to such notice shall have the right to have a representative present at any or all times during such testing. In the event the party or parties proposing to conduct such test or tests changes in respect to time or method its or their plans for conducting such test or tests subsequent to the serving of such written notice, such party or parties shall, if practicable, notify by telegram all parties entitled to notice herein of such change of plans and the details thereof.

Subsequent to the commencement of such test or tests the party or parties conducting such test or tests shall submit to the above referred to parties entitled to receive notices, by the 5th and 20th days of each month, the following reports covering any such test or tests conducted during the preceding one-half month---all pressure tests showing interval or intervals tested, hours shut-in, observed pressure P.S.I.G., fluid gradient for lowest measured depth, cumulative oil and water production in barrels from interval or intervals tested as of the time of pressure test, reports on all production tests made with daily (or hourly if applicable) rates for each tested interval, showing cumulative production from each interval or intervals as of the end of each reporting period, and all other information obtained as a result of such test or tests.

The objective of this section is that each party so desiring may be informed of the planned procedures, the actual procedures and the factual results of any such test or tests and shall have an opportunity to observe the making of any such test or tests.

9. In the event that either application filed herein for 80-acre spacing is denied by the Commission as to all or any part of the area involved, then any test well drilled hereunder located in the area in which such application is denied shall not be produced from the known producing zones of the Hermosa formation in the Aneth and Desert Creek Areas until 60 days after such application is denied, or until such date as an offset operator to the lease on which such well is located completes the drilling of a 40-acre well, whichever period is the shorter.

IT IS ALSO ORDERED that further hearing on this consolidated Cause

be and the same is hereby continued until such time as the Commission, upon application of any interested party or upon its own motion, may set for such hearing. The date set for such hearing shall be not less than six months from the date hereof and at least 45 days notice of the date of such hearing shall be given to all interested parties.

IT IS FURTHER ORDERED that all exhibits to be used by the parties at such hearing and not now filed with the Commission shall be filed with the Commission and served on all other parties not less than fifteen days prior to the date to be hereafter fixed by the Commission for such hearing, unless such filing cannot be made at such time by reason of tests not completed at such time.

IT IS FURTHER ORDERED that the temporary 80-acre well spacing order heretofore issued in Cause No. 8 be continued in force, except as hereby modified, during this continuance and that, as to Cause No. 11, while no spacing order has issued therein, it be considered for the purposes of this order that a temporary 80-acre spacing order, as modified hereby, is effective during this continued period.

DATED this 24 day of February, 1959.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

By Edward W. Cyle
Commissioner

By Walter G. Mann
Commissioner

By C. J. Brown
Commissioner

By W. H. Hatch
Commissioner

By C. R. Anderson
Commissioner

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

.....
 IN THE MATTER OF THE APPLICATION :
 OF THE TEXAS COMPANY, THE CARTER :
 OIL COMPANY AND CONTINENTAL OIL :
 COMPANY FOR AN ORDER ESTABLISHING :
 80-ACRE DRILLING UNITS FOR THE :
 ANETH POOL, SAN JUAN COUNTY, UTAH, :
 WITH REFERENCE TO THE KNOWN PRODUCING :
 ZONES OF THE HERMOSA FORMATION :
 (CAUSE NO. 8) :

CAUSE NO. 17

AND :

(CONSOLIDATION OF CAUSES
NOS. 8 AND 11.)

IN THE MATTER OF THE APPLICATION :
 OF CONTINENTAL OIL COMPANY FOR AN :
 ORDER ESTABLISHING 80-ACRE DRILLING :
 AND SPACING UNITS FOR THE UPPER :
 PARADOX SECTION OF THE HERMOSA :
 FORMATION, DESERT CREEK AREA, SAN :
 JUAN COUNTY, UTAH :
 (CAUSE NO. 11) :

ORDER GRANTING TO PROTESTANT, SHELL OIL COMPANY, PERMISSION TO
 DRILL UP TO FIVE FORTY-ACRE TEST WELLS FOR THE PURPOSE OF OBTAINING EVIDENCE,
 AND PRESCRIBING THE CONDITIONS UNDER WHICH SUCH WELLS MAY BE DRILLED.

This matter came on for hearing on February 2, 1959, before the
 Oil and Gas Conservation Commission of the State of Utah pursuant to
 regular notice and setting, appearances being entered herein by The Superior
 Oil Company, Texota Oil Company, Robert W. Burton, Allen W. Hinke, The
 Carter Oil Company, Shell Oil Company, The Texas Company, Continental Oil
 Company, Sinclair Oil and Gas Company, Gulf Oil Corporation, Phillips
 Petroleum Company, Sunray Mid-Continent Oil Company, Skelly Oil Company,
 Aztec Oil and Gas Company, Pure Oil Company, Sun Oil Company, Ohio Oil
 Company, Reynolds Mining Company, *Three States Natural Gas Company*
 and Standard Oil Company of California.

Shell Oil Company, Protestant herein, having on this date and in
 open hearing filed herein its Application for permission to drill certain
 40-acre test wells for the purpose of obtaining additional evidence,
 all as more fully set forth in said Application;

The Commission stated that it would consider the said Application
 of Shell Oil Company before proceeding further in the hearing if there
 was no objection by any party to such consideration of the Application
 by reason of the fact that Notice of Hearing on such Application had not
 been formally given, or for any other reason.

The Commission thereupon asked in open hearing if there was objection to proceeding at once with a hearing on the said Application of Shell Oil Company and that if there was objection that such hearing would be continued, but that if there was no objection, it would be considered that Notice was waived and that the matter would be heard; and

No objection having been made, the Commission announced that it would proceed with the hearing on the said Application of Shell Oil Company.

Whereupon, evidence was introduced and statements were made both in support of and in opposition to said Application.

Now, after hearing said evidence and statements and being advised in the premises, the Commission is of the opinion that the said 40-acre test wells as applied for by Shell Oil Company may result in obtaining additional evidence of importance to a proper solution of the issues involved in this consolidated Cause, and that Shell Oil Company should be permitted to drill the requested wells for the purpose of obtaining additional evidence, subject to certain requirements and restrictions as hereinafter set forth.

NOW, THEREFORE, upon the basis of the evidence adduced and all parties except Reynolds Mining Company having withdrawn objections and Shell Oil Company consenting to the requirements and restrictions by this Order imposed, IT IS ORDERED by the Commission that, subject to such requirements and restrictions, Shell Oil Company is granted permission to drill up to five 40-acre test wells through the ^{known producing zones of the Hermosa formation in the south of} ~~Aneth (Desert Creek) Zone,~~ ^{Desert Creek area} and at the following locations, to-wit:

Aneth State III 32-16 (SW $\frac{1}{2}$ NE $\frac{1}{2}$, 16-40S-24E)

Aneth Burton 22-13 (SE $\frac{1}{2}$ NW $\frac{1}{2}$, 13-40S-23E)

Ratherford North Desert Creek 32-13 (SW $\frac{1}{2}$ NE $\frac{1}{2}$, 13-41S-23E)

Ratherford North Desert Creek 13-12 (NW $\frac{1}{2}$ SW $\frac{1}{2}$, 12-41S-23E)

Ratherford North Desert Creek 41-12 (NE $\frac{1}{2}$ NE $\frac{1}{2}$, 12-41S-23E)

IT IS FURTHER ORDERED that permission to drill said wells is granted subject to the following requirements and restrictions:

1. The Commission reserves the right to control the order in which said test wells are drilled and to re-examine the stated locations to the extent of two thereof if it feels that other locations should be substituted therefor, but it shall be optional with Shell Oil Company to decline to drill any test well as to which a substituted location is so designated by the Commission.

2. The said test wells shall be drilled for the purpose of obtaining additional evidence as to the nature of the reservoir, and no such test well shall be used for the purpose of increasing Shell Oil Company's permissible rate of production from the ^{known producing zones of the Hermosa formation in the Aneth & Desert Creek Area} ~~Aneth (Desert Creek) Zone~~ on the 80-acre tract upon which such test well is drilled for so long as either a temporary or permanent 80-acre spacing order is in effect as to the area in which such test well is located. Prior to the commencement of drilling each of such test wells, Shell Oil Company shall file with the Commission a designation of the 80-acre tract to which such test well is attributable, such 80-acre tract to have an existing well thereon. No such test well shall be produced from the ^{known producing zones of the Hermosa formation in the} ~~Aneth (Desert Creek) Zone~~ for so long as either a temporary or permanent 80-acre spacing order is in effect as to the area in which the test is located, except incident to the conducting of selected-intervals production tests unless authorized by the Commission, after notice and hearing, upon the basis of a finding by the Commission either (1) that the presently existing well on the 80-acre tract is incapable of being produced or (2) that the test well penetrates an interval or intervals the production of which should be permitted because such interval or intervals will not be drained by other than existing wells or (3) that there exist some other circumstances which involve comparable considerations ~~(of equity and fairness) and~~ which would not, by reason of the production of the test well, accord to Shell Oil Company any unfair production advantage. Except where production of the test well in lieu of the existing well is authorized by the Commission, any production from a test well shall be applied in reduction of the amount of the permissible production from the existing well on the designated 80-acre tract upon which the test well is drilled.

3. Each of said test wells shall be tested by Shell Oil Company in the general manner outlined in its said Application, but there shall be a flexibility of testing so as to obtain the maximum amount of evidence as to the nature of the reservoir or reservoirs helpful in a proper determination of the issues in this Cause.

4. The drilling of said test wells and the testing thereof shall be diligently carried on by Shell Oil Company and shall be completed within six months from the date hereof.

5. In the event that there is a proposed unitization for the area in which one or more of the permitted 40-acre test wells is located, and

such area at such time is operating under an 80-acre temporary or permanent spacing order, and Shell Oil Company and the other operators cannot agree as to the monetary investment value, if any, that should be attributed to such well or wells in the unitization plan, the Commission shall act as arbiter on the issue as to such monetary value, and on any issue as to such other value, if any, that should be so attributed which the parties, by agreement, may submit, but the submitting of such issue or issues shall in no manner commit Shell Oil Company or any other operator to acceptance of any plan of unitization.

6. If the Commission determines, after hearing, that in any shut-in test wells drilled pursuant to this order there are leaks between intervals that are detrimental to the reservoir or that give to Shell Oil Company an unfair advantage, the Commission may order that a cement plug, oil base mud, or similar type of corrective measure be taken, but this shall not be construed to mean that such well shall be plugged and abandoned by the pulling of casing and the complete plugging and abandoning of such well.

7. If, during said six-month testing period, any other party offers to drill, and does drill, a 40-acre test well and to test it in the manner proposed by Shell Oil Company, or similar manner, then such other test well, at Shell Oil Company's option, may be considered in lieu of one of Shell Oil Company's proposed wells, and the requirements and restrictions herein set forth as to Shell Oil Company's test wells shall apply with equal force to the test well or test wells of such other party or parties.

8. During the six months' test period above referred to, Shell Oil Company, in conducting in its 40-acre test wells any test or tests, and any party or parties in the subject area proposing to conduct in any hereafter drilled well any test or tests similar in nature and extent to those proposed by Shell Oil Company in its Application, shall notify in writing the Commission, the United States Geological Survey, and all parties who have entered an appearance in this Cause and who have advised the drilling party and the Commission in writing of such desire to receive such notices, at least fifteen days in advance of the expected date of penetration of the base of the black shale overlying the Aneth (Desert Creek) Zone. *Reservoir also in zone*
Such written notice shall contain the following pertinent information in so far as then determined:

- (1) Proposed casing program (sizes and depths)

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

.....

IN THE MATTER OF THE APPLICATION : OF THE TEXAS COMPANY, THE CARTER : OIL COMPANY AND CONTINENTAL OIL : COMPANY FOR AN ORDER ESTABLISHING : 80-ACRE DRILLING UNITS FOR THE : ANETH POOL, SAN JUAN COUNTY, UTAH : WITH REFERENCE TO THE KNOWN PRODUCING : ZONES OF THE HERMOSA FORMATION : (CAUSE NO. 8) :	CAUSE NO. 17 ORDER CONSOLIDATING CAUSES : NOS. 8 AND 11 AND ENLARGING : THE AREA TO BE SPACED :
AND :	
IN THE MATTER OF THE APPLICATION : OF CONTINENTAL OIL COMPANY FOR AN : ORDER ESTABLISHING 80-ACRE DRILLING : AND SPACING UNITS FOR THE UPPER : PARADOX SECTION OF THE HERMOSA : FORMATION, DESERT CREEK AREA, SAN : JUAN COUNTY, UTAH (CAUSE NO. 11) :	

.....

This matter came on for hearing on February 2, 1959, before the Oil and Gas Conservation Commission of the State of Utah upon the application of The Superior Oil Company to consolidate Causes Nos. 8 and 11 and to enlarge the area to be spaced, pursuant to regular notice and setting, appearances being entered herein by The Superior Oil Company, Texota Oil Company, Robert W. Burton, Allen W. Hinke, The Carter Oil Company, Shell Oil Company, The Texas Company, Continental Oil Company, Sinclair Oil and Gas Company, Gulf Oil Corporation, Phillips Petroleum Company, Sunray Mid-Continent Oil Company, Skelly Oil Company, Aztec Oil and Gas Company, Pure Oil Company, Sun Oil Company, Ohio Oil Company, Reynolds Mining Company, Three States Natural Gas Company and Standard Oil Company of California.

The Commission thereupon asked in open hearing if there was any objection to a Commissioner being deemed qualified to act in the consolidated causes even though that Commissioner had not heard the evidence nor participated in one of the two separate causes; and

No objection having been made, and the transcript of the evidence in each cause (8 and 11) having been offered in evidence in Cause No. 17 and said transcript having been received subject to the right of any party to hereafter move to strike or otherwise object to any part thereof on the grounds that the said part is incompetent, irrelevant or immaterial, and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the said application of The Superior Oil Company is hereby granted and said Causes 8 and 11 are hereby consolidated and the area to be spaced in said consolidated cause is hereby enlarged to include the following described lands situated in San Juan County, State of Utah:

T. 40 S., R. 23 E., SLBM

Section 1: All
Section 2: $E\frac{1}{2}$
Section 11: $E\frac{1}{2}$, $SW\frac{1}{4}$
Section 12, 13, 14, 23 through 26,
34, 35, 36: All

T. 40 S., R. 24 E., SLBM

Sections 7 through 11,
13 through 36: All

T. 40 S., R. 25 E., SLBM

Section 16: $S\frac{1}{2}$
Section 17: $S\frac{1}{2}$
Section 18: $S\frac{1}{2}$
Sections 19, 20, 21: All
Section 22: $S\frac{1}{2}$, $NW\frac{1}{4}$
Sections 27 through 34: All

T. 41 S., R. 23 E., SLBM

Sections 1, 2, 3, 10 through 15,
22, 23, 24: All
Section 25: $E\frac{1}{2}$
Section 35: $E\frac{1}{2}$
Section 36: All

T. 41 S., R. 24 E., SLBM

Section 1 through 24: All
Section 25: $N\frac{1}{2}$
Section 26 through 35: All

T. 41 S., R. 25 E., SLBM

Section 3: $W\frac{1}{2}$
Section 4 through 9: All
Section 10: $NW\frac{1}{4}$
Sections 16 through 20: All

T. 42 S., R. 23 E., SLBM

Section 1: All
Section 2: $E\frac{1}{2}$
Section 11: $E\frac{1}{2}$
Section 12: All

T. 42 S., R. 24 E., SLBM

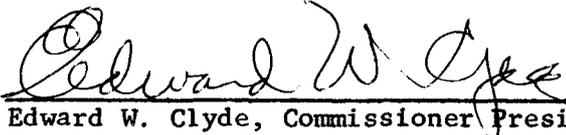
Sections 2 through 10: All

IT IS FURTHER ORDERED that evidence hereto taken in the separate

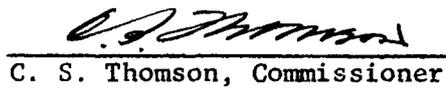
causes 8 and 11 in absence of objection as aforesaid may be considered by the Commission as applicable where relevant to all of the lands hereinabove described.

Dated this 24th day of February, 1959.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH


Edward W. Clyde, Commissioner Presiding


C. R. Henderson, Chairman


C. S. Thomson, Commissioner


M. V. Hatch, Commissioner


W. G. Mann, Commissioner

COPY

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

.....		
IN THE MATTER OF THE APPLICATION	:	
OF THE TEXAS COMPANY, THE CARTER	:	
OIL COMPANY AND CONTINENTAL OIL	:	CAUSE NO. 17
COMPANY FOR AN ORDER ESTABLISHING	:	
80-ACRE DRILLING UNITS FOR THE	:	ORDER CONSOLIDATING CAUSES
ANETH POOL, SAN JUAN COUNTY, UTAH	:	NOS. 8 AND 11 AND ENLARGING
WITH REFERENCE TO THE KNOWN PRODUCING	:	THE AREA TO BE SPACED
ZONES OF THE HERMOSA FORMATION	:	
(CAUSE NO. 8)	:	
AND	:	
IN THE MATTER OF THE APPLICATION	:	
OF CONTINENTAL OIL COMPANY FOR AN	:	
ORDER ESTABLISHING 80-ACRE DRILLING	:	
AND SPACING UNITS FOR THE UPPER	:	
PARADOX SECTION OF THE HERMOSA	:	
FORMATION, DESERT CREEK AREA, SAN	:	
JUAN COUNTY, UTAH (CAUSE NO. 11)	:	
.....		

This matter came on for hearing on February 2, 1959, before the Oil and Gas Conservation Commission of the State of Utah upon the application of The Superior Oil Company to consolidate Causes Nos. 8 and 11 and to enlarge the area to be spaced, pursuant to regular notice and setting, appearances being entered herein by The Superior Oil Company, Texota Oil Company, Robert W. Burton, Allen W. Hinke, The Carter Oil Company, Shell Oil Company, The Texas Company, Continental Oil Company, Sinclair Oil and Gas Company, Gulf Oil Corporation, Phillips Petroleum Company, Sunray Mid-Continent Oil Company, Skelly Oil Company, Aztec Oil and Gas Company, Pure Oil Company, Sun Oil Company, Ohio Oil Company, Reynolds Mining Company, Three States Natural Gas Company and Standard Oil Company of California.

The Commission thereupon asked in open hearing if there was any objection to a Commissioner being deemed qualified to act in the consolidated causes even though that Commissioner had not heard the evidence nor participated in one of the two separate causes; and

No objection having been made, and the transcript of the evidence in each cause (8 and 11) having been offered in evidence in Cause No. 17 and said transcript having been received subject to the right of any party to hereafter move to strike or otherwise object to any part thereof on the grounds that the said part is incompetent, irrelevant or immaterial, and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the said application of The Superior Oil Company is hereby granted and said Causes 8 and 11 are hereby consolidated and the area to be spaced in said consolidated cause is hereby enlarged to include the following described lands situated in San Juan County, State of Utah:

T. 40 S., R. 23 E., SLBM

Section 1: All
Section 2: E $\frac{1}{2}$
Section 11: E $\frac{1}{2}$, SW $\frac{1}{4}$
Section 12, 13, 14, 23 through 26,
34, 35, 36: All

T. 40 S., R. 24 E., SLBM

Sections 7 through 11,
13 through 36: All

T. 40 S., R. 25 E., SLBM

Section 16: S $\frac{1}{2}$
Section 17: S $\frac{1}{2}$
Section 18: S $\frac{1}{2}$
Sections 19, 20, 21: All
Section 22: S $\frac{1}{2}$, NW $\frac{1}{4}$
Sections 27 through 34: All

T. 41 S., R. 23 E., SLBM

Sections 1, 2, 3, 10 through 15,
22, 23, 24: All
Section 25: E $\frac{1}{2}$
Section 35: E $\frac{1}{2}$
Section 36: All

T. 41 S., R. 24 E., SLBM

Section 1 through 24: All
Section 25: N $\frac{1}{2}$
Section 26 through 35: All

T. 41 S., R. 25 E., SLBM

Section 3: W $\frac{1}{2}$
Section 4 through 9: All
Section 10: NW $\frac{1}{4}$
Sections 16 through 20: All

T. 42 S., R. 23 E., SLBM

Section 1: All
Section 2: E $\frac{1}{2}$
Section 11: E $\frac{1}{2}$
Section 12: All

T. 42 S., R. 24 E., SLBM

Sections 2 through 10: All

IT IS FURTHER ORDERED that evidence hereto taken in the separate

causes 8 and 11 in absence of objection as aforesaid may be considered by the Commission as applicable where relevant to all of the lands hereinabove described.

Dated this 24th day of February, 1959.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

Edward W. Clyde, Commissioner Presiding

C. R. Henderson
C. R. Henderson, Chairman

C. S. Thomson
C. S. Thomson, Commissioner

M. V. Hatch
M. V. Hatch, Commissioner

W. G. Mann
W. G. Mann, Commissioner

IT IS HEREBY ORDERED that the said application of The Superior Oil Company is hereby granted and said Causes 8 and 11 are hereby consolidated and the area to be spaced in said consolidated cause is hereby enlarged to include the following described lands situated in San Juan County, State of Utah:

T. 40 S., R. 23 E., SLBM

Section 1: All
Section 2: $E\frac{1}{2}$
Section 11: $E\frac{1}{2}$, $SW\frac{1}{4}$
Section 12, 13, 14, 23 through 26,
34, 35, 36: All

T. 40 S., R. 24 E., SLBM

Sections 7 through 11,
13 through 36: All

T. 40 S., R. 25 E., SLBM

Section 16: $S\frac{1}{2}$
Section 17: $S\frac{1}{2}$
Section 18: $S\frac{1}{2}$
Sections 19, 20, 21: All
Section 22: $S\frac{1}{2}$, $NW\frac{1}{4}$
Sections 27 through 34: All

T. 41 S., R. 23 E., SLBM

Sections 1, 2, 3, 10 through 15,
22, 23, 24: All
Section 25: $E\frac{1}{2}$
Section 35: $E\frac{1}{2}$
Section 36: All

T. 41 S., R. 24 E., SLBM

Section 1 through 24: All
Section 25: $N\frac{1}{2}$
Section 26 through 35: All

T. 41 S., R. 25 E., SLBM

Section 3: $W\frac{1}{2}$
Section 4 through 9: All
Section 10: $NW\frac{1}{4}$
Sections 16 through 20: All

T. 42 S., R. 23 E., SLBM

Section 1: All
Section 2: $E\frac{1}{2}$
Section 11: $E\frac{1}{2}$
Section 12: All

T. 42 S., R. 24 E., SLBM

Sections 2 through 10: All

IT IS FURTHER ORDERED that evidence hereto taken in the separate

causes 8 and 11 in absence of objection as aforesaid may be considered by the Commission as applicable where relevant to all of the lands hereinabove described.

Dated this 24th day of February, 1959.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

Edward W. Clyde, Commissioner Presiding

C. R. Henderson
C. R. Henderson, Chairman

C. S. Thomson
C. S. Thomson, Commissioner

M. V. Hatch
M. V. Hatch, Commissioner

Walter G. Mann
W. G. Mann, Commissioner

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

IN THE MATTER OF THE APPLICATION
OF THE TEXAS COMPANY, THE CARTER
OIL COMPANY AND CONTINENTAL OIL
COMPANY FOR AN ORDER ESTABLISHING
80-ACRE DRILLING UNITS FOR THE
ANETH POOL, SAN JUAN COUNTY, UTAH,
WITH REFERENCE TO THE KNOWN
PRODUCING ZONES OF THE HERMOSA
FORMATION (CAUSE NO. 8)

AND

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
ORDER ESTABLISHING 80-ACRE
DRILLING AND SPACING UNITS FOR
THE UPPER PARADOX SECTION OF THE
HERMOSA FORMATION, DESERT CREEK
AREA, SAN JUAN COUNTY, UTAH
(CAUSE NO. 11)

CAUSE NO. 17

(CONSOLIDATION OF CAUSES
NOS. 8 AND 11.)

ORDER GRANTING TO PROTESTANT, SHELL OIL COMPANY,
PERMISSION TO DRILL UP TO FIVE FORTY-ACRE TEST WELLS FOR THE
PURPOSE OF OBTAINING EVIDENCE, AND PRESCRIBING THE CONDITIONS
UNDER WHICH SUCH WELLS MAY BE DRILLED.

This matter came on for hearing on February 2, 1959,
before the Oil and Gas Conservation Commission of the State of
Utah pursuant to regular notice and setting, appearances being
entered herein by The Superior Oil Company, Texota Oil Company,
Robert W. Burton, Allen W. Hinke, The Carter Oil Company, Shell
Oil Company, The Texas Company, Continental Oil Company,
Sinclair Oil and Gas Company, Gulf Oil Corporation, Phillips
Petroleum Company, Sunray Mid-Continent Oil Company, Skelly Oil
Company, Aztec Oil and Gas Company, Pure Oil Company, Sun Oil
Company, Ohio Oil Company, Reynolds Mining Company and Standard
Oil Company of California.

Shell Oil Company, Protestant herein, having on this date and in open hearing filed herein its Application for permission to drill certain 40-acre test wells for the purpose of obtaining additional evidence, all as more fully set forth in said Application;

The Commission stated that it would consider the said Application of Shell Oil Company before proceeding further in the hearing if there was no objection by any party to such consideration of the Application by reason of the fact that Notice of Hearing on such Application had not been formally given, or for any other reason.

The Commission thereupon asked in open hearing if there was objection to proceeding at once with a hearing on the said Application of Shell Oil Company and that if there was objection that such hearing would be continued, but that if there was no objection, it would be considered that Notice was waived and that the matter would be heard; and

No objection having been made, the Commission announced that it would proceed with the hearing on the said Application of Shell Oil Company.

Whereupon, evidence was introduced and statements were made both in support of and in opposition to said Application.

Now, after hearing said evidence and statements and being advised in the premises, the Commission is of the opinion that the said 40-acre test wells as applied for by Shell Oil Company may result in obtaining additional evidence of importance to a proper solution of the issues involved in this consolidated Cause, and that Shell Oil Company should be permitted to drill the requested wells for the purpose of obtaining additional evidence, subject to certain requirements and restrictions as hereinafter set forth.

NOW, THEREFORE, upon the basis of the evidence adduced and all parties except Reynolds Mining Company having withdrawn objections and Shell Oil Company consenting to the requirements and restrictions by this order imposed, IT IS ORDERED by the Commission that, subject to such requirements and restrictions, Shell Oil Company is granted permission to drill up to five 40-acre test wells through the Aneth (Desert Creek) Zone, and at the following locations, to-wit:

Aneth State III 32-16 (SW $\frac{1}{4}$ NE $\frac{1}{4}$, 16-40S-24E)

Aneth Burton 22-13 (SE $\frac{1}{4}$ NW $\frac{1}{4}$, 13-40S-23E)

Ratherford North Desert Creek 32-13 (SW $\frac{1}{4}$ NE $\frac{1}{4}$, 13-41S-23E)

Ratherford North Desert Creek 13-12 (NW $\frac{1}{4}$ SW $\frac{1}{4}$, 12-41S-23E)

Ratherford North Desert Creek 41-12 (NE $\frac{1}{4}$ NE $\frac{1}{4}$, 12-41S-23E)

IT IS FURTHER ORDERED that permission to drill said wells is granted subject to the following requirements and restrictions:

1. The Commission reserves the right to control the order in which said test wells are drilled and to re-examine the stated locations to the extent of two thereof if it feels that other locations should be substituted therefor, but it shall be optional with Shell Oil Company to decline to drill any test well as to which a substituted location is so designated by the Commission.

2. The said test wells shall be drilled for the purpose of obtaining additional evidence as to the nature of the reservoir, and no such test well shall be used for the purpose of increasing Shell Oil Company's permissible rate of production from the Aneth (Desert Creek) Zone on the 80-acre tract upon which such test well is drilled for so long as either a temporary or permanent 80-acre spacing order is in effect as to the area in which such test well is located. Prior to the Commencement

of drilling each of such test wells, Shell Oil Company shall file with the Commission a designation of the 80-acre tract to which such test well is attributable, such 80-acre tract to have an existing well thereon. No such test well shall be produced from the Aneth (Desert Creek) Zone for so long as either a temporary or permanent 80-acre spacing order is in effect as to the area in which the test is located, except incident to the conducting of selected-intervals production tests unless authorized by the Commission, after notice and hearing, upon the basis of a finding by the Commission either (1) that the presently existing well on the 80-acre tract is incapable of being produced or (2) that the test well penetrates an interval or intervals the production of which should be permitted because such interval or intervals will not be drained by other then existing wells or (3) that there exist some other circumstances which involve comparable considerations of equity and fairness and which would not, by reason of the production of the test well, accord to Shell Oil Company any unfair production advantage. Except where production of the test well in lieu of the existing well is authorized by the Commission, any production from a test well shall be applied in reduction of the amount of the permissible production from the existing well on the designated 80-acre tract upon which the test well is drilled.

3. Each of said test wells shall be tested by Shell Oil Company in the general manner outlined in its said Application, but there shall be a flexibility of testing so as to obtain the maximum amount of evidence as to the nature of the reservoir or reservoirs helpful in a proper determination of the issues in this Cause.

4. The drilling of said test wells and the testing thereof shall be diligently carried on by Shell Oil Company and shall be completed within six months from the date hereof.

5. In the event that there is a proposed unitization for the area in which one or more of the permitted 40-acre test wells is located, and such area at such time is operating under an 80-acre temporary or permanent spacing order, and Shell Oil Company and the other operators cannot agree as to the monetary investment value, if any, that should be attributed to such well or wells in the unitization plan, the Commission shall act as arbiter on the issue as to such monetary value, and on any issue as to such other value, if any, that should be so attributed which the parties, by agreement, may submit, but the submitting of such issue or issues shall in no manner commit Shell Oil Company or any other operator to acceptance of any plan of unitization.

6. If the Commission determines, after hearing, that in any shut-in test well drilled pursuant to this order there are leaks between intervals that are detrimental to the reservoir or that give to Shell Oil Company an unfair advantage, the Commission may order that a cement plug, oil base mud, or similar type of corrective measure be taken, but this shall not be construed to mean that such well shall be plugged and abandoned by the pulling of casing and the complete plugging and abandoning of such well.

7. If, during said six-month testing period, any other party offers to drill, and does drill, a 40-acre test well and to test it in the manner proposed by Shell Oil Company, or similar manner, then such other test well, at Shell Oil Company's option, may be considered in lieu of one of Shell Oil Company's proposed wells, and the requirements and restrictions herein set forth as to Shell Oil Company's test wells shall apply with equal force to the test well or test wells of such other party or parties.

8. During the six months' test period above referred to, Shell Oil Company, in conducting in its 40-acre test wells any test or tests, and any party or parties in the subject area proposing to conduct in any hereafter drilled well any test or tests similar in nature and extent to those proposed by Shell Oil Company in its Application, shall notify in writing the Commission, the United States Geological Survey, and all parties who have entered an appearance in this Cause and who have advised the drilling party and the Commission in writing of such desire to receive such notices, at least fifteen days in advance of the expected date of penetration of the base of the black shale overlying the Aneth (Desert Creek) Zone. Such written notice shall contain the following pertinent information in so far as then determined:

- (1) Proposed casing program (sizes and depths)
- (2) Coring program (technique and fluid)
- (3) Proposed size hole in contemplated test interval of intervals
- (4) Estimated total depth
- (5) Logging schedule
- (6) Proposed test procedures and tools
- (7) Proposed program of production tests

A party entitled to such notice shall have the right to have a representative present at any or all times during such testing. In the event the party or parties proposing to conduct such test or tests changes in respect to time or method its or their plans for conducting such test or tests subsequent to the serving of such written notice, such party or parties shall, if practicable, notify by telegram all parties entitled to notice herein of such change of plans and the details thereof.

Subsequent to the commencement of such test or tests the party or parties conducting such test or tests shall submit to the above referred to parties entitled to receive notices, by the 5th and 20th days of each month, the following reports covering any such test or tests conducted during the preceding one-half month ---- all pressure tests showing interval or intervals tested, hours shut-in, observed pressure P.S.I.G., fluid gradient for lowest measured depth, cumulative oil and water production in barrels from interval or intervals tested as of the time of pressure test, reports on all production tests made with daily (or hourly if applicable) rates for each tested interval, showing cumulative production from each interval or intervals as of the end of each reporting period, and all other information obtained as a result of such test or tests.

The objective of this section is that each party so desiring may be informed of the planned procedures, the actual procedures and the factual results of any such test or tests and shall have an opportunity to observe the making of any such test or tests.

9. In the event that either application filed herein for 80-acre spacing is denied by the Commission as to all or any part of the area involved, then any test well drilled hereunder located in the area in which such application is denied shall not be produced from the Aneth (Desert Creek) Zone until 60 days after such application is denied, or until such date as an offset operator to the lease on which such well is located completes the drilling of a 40-acre well, whichever period is the shorter.

IT IS ALSO ORDERED that further hearing on this consolidated Cause be and the same is hereby continued until such time as the Commission, upon application of any interested party

or upon its own motion, may set for such hearing. The date set for such hearing shall be not less than six months from the date hereof and at least 45 days notice of the date of such hearing shall be given to all interested parties.

IT IS FURTHER ORDERED that all exhibits to be used by the parties at such hearing and not now filed with the Commission shall be filed with the Commission and served on all other parties not less than fifteen days prior to the date to be hereafter fixed by the Commission for such hearing, unless such filing cannot be made at such time by reason of tests not completed at such time.

IT IS FURTHER ORDERED that the temporary 80-acre well spacing order heretofore issued in Cause No. 8 be continued in force, except as hereby modified, during this continuance and that, as to Cause No. 11, while no spacing order has issued therein, it be considered for the purposes of this order that a temporary 80-acre spacing order, as modified hereby, is effective during this continued period.

DATED this day of February, 1959.

THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF UTAH

By _____
Commissioner

353 Walt Budge -

Feb 2 - 1959

Page 151 - lines 9 to 16 - Com to arbitrate

Part of
or in
cause 17
comb causes
8-11
24 Feb 1960

Also - see Cause No 17 -
of Counsel - 8 & 11
par 5 of order - 24 Feb 1959

~~patman~~ appearing for Superior.
157-15 ~~Jay~~ Hancock - "He will support the
proposed order subject to the restrictions
that you indicated before recess."

cause 67

Order
dated 13 Sept 1960

refers to par 5 of order
24 Feb 1959 - but Superior not a party

7/11 0 -

162 - 3 to 10

163 - 4

164 - 1 to 3

165 - 9-11

XX 165 - 19 to 23

Jurisdiction 167 - 4 to 6

XX 170 - 9 to 15

Aug 22
1961

55 line 3 to 57 - line 9 - 15
58 lines 5 to 22
60 bottom

Robertson - testimony 5 test wells to be used in the two units -

ref to Ex #7 to show use of 5 wells / 2 in annex

Burton 22-13 } placed on production
St lease 32-16 }

Based on your own knowledge -
been in 2 units, fam loc - fam Dr of
Phillips oil operator -
fam with fam with teleoper

2 wells aneth - are to be pl on prod.
3 wells Rathford - learned from pl of
depl submitted by operator -

Ex #7

40 ac wells 1320 ft apart -
wells shown in Red Ex #7 appr 1320 ft fr
other - off pattern -

Relative value
opinion of test "The wells will be
usable & benefit to all owners under
mitigation"

test wells more valuable than any
of the others -
~~where~~

xxx

one case st 32-16 which if
not drilled would leave un drained
area -

well costs - responsible for well costs -
aneth where were reasonable \$ 22-13 Bur 100,000
32-16 St 100,000
Drill core casing
exceed test

Rath nos 1-2 seas
H1-12 } 318,000
13-12 }
32-13 }

do

xxx

Patman

has checked records Shell core & casing
(engineer & Lab - not incl)
(overhead - not incl)

Shell claims others higher on costs -
anneth all but sup agreed -
shell agreed to pay its ~~prop~~ share -
what is your open to over value
to unit. Begin with cost

XX

motion to strike p of dev -

page 6

cross exam - had agreed to pay Phillips.



pipe 7" in L
8 5/8 in

- cored pay sec - Costless if not cored ^{may or may not}

might core
for water injection

if wells not drilled
would you drill for water
any where they are in Ann - ^{you know}
but in Rutherford yes =

other oper costs 85 - why yours 100 -

these ^{same} 1000 higher than other wells -

Schaufner Smith Phillips ^{Chief Pet Eng}

Rutherford - ^{operator}

open wells will be used in
unit operations -

Ex "9" Plan of operation -

1 of test well as inject well -
Shell - 32-13

others as producers at some future date
3 test wells are of value to unit operation

Cross-examine -
type of flood - Pattern-type or
9 Spot -
conversion of every other well by
water flood -

McElmo - line type flood -

anneth - Bradford -

XX { could change manner but not
change usefulness of wells

- tentative agreement on use -

drilling + eq well costs
120,000 pump rods etc -
excl of left eq \$100,000⁰⁰
Same in McElmo -

5 1/2" pipe -

Oct 1st - 1961 - surrendered use - by shell etc
- carried agreements to shell -

they will contribute only insignificantly
to cost of recovery - will not be sufficient
to return cost of wells -

as an investment - would you
drill in factors either or any of 3 wells
for recovery - no -

Value of test well to unit operation
to prod at an earlier date = present

\$17,294⁰⁰
\$59,274⁰⁰

anneth Sup 8.6 \$706

Rutherford 18.6397

many well in Rutherford now closed in & not produced =

Hearing in Dec 15-1961
James M. Williams P.E. Engr Texas
I will not yield a greater prod if the
2 wells used.

Tex refused to pay for well in Rutherford
Sup Ex #1 -

anneth will not pay back by
use 100000 ea -

- Bottom hole pres data - May 1961
32-16- lower pressure than to
Eastern (832)

Super Ex #2 received -
~~MAA~~

Mr Howard Edw... We are
PR 32-13 } located along crest of a reservoir
PL 32-16 }

app #10

- Marion Olive - Consultant Sup
oil -

- expert Pet eng -

work for Sup in anneth -

Studied Reservoir -

rec Shows Sup Ex #1 - Map prepared

~~Sup~~ by ~~him~~ his supero -

lower bottom hole pressure -
greater slope of deplet -

? if they were closed in & others used -
with a higher bottom hole record -

~~Super~~
Ex #2

Gas oil ratios in def wells ~~rec~~ ^{Nov 1960}

~~rec~~

~~Super~~
Ex #4

Gas oil ratios survey May 1961

in anneth Partial flood -
5 spot every other well -

Value to the unit at

= Salvage - if not used

no add recovery

if they can be used to get oil sooner -

economics

take money to get in shape -
add recovery less

Opinion present monetary

Salvage - Annet

32-16 7029
22-13 8589

Ruh

NO or 41-12 7069
32-13 6949
13-12 9508

39544⁰⁰

would you salvage, new I would let them sit

would you spend money on them new - no I would wait & see

Cost to put on prod -

Super Ex's

16-

9500
2000
10500
10500
10500

argument of Shell #112/62

Feb 24 1959 Foreign

(Howard Edwards)

Feb 24 1960 order et seq

40-6-3 - under this statute had authority to est 5 test wells - now has incidental power to compete.

he claims that both parties have admitted in briefs that unitization is voluntary.

? Another basis - arbitration
was there agreement to arbit
could the com do it.

~~Donald Helms~~
letter

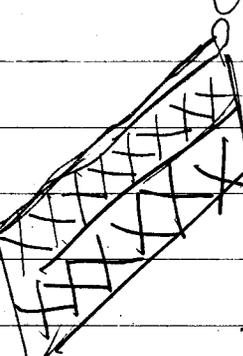
laws - he claim supports a stipulation to arbitrate is equal to written agreement

super page
24 of Br

(query) can we take judicial notice of all writings and papers in the files of cause 17-61-63 unitization
letter
Sec 21-1961

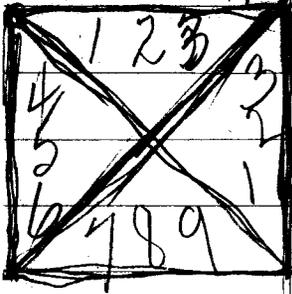
(claims as an arbitrator we just act)

Feb 24-1960 - finding No 8 describes No 15 - describes
par 7 of order retains Jurs



claims Value - faster rate of recovery
reasonable cost of wells - only way that we can determine it

123 456 789-0 VABG 254



right to hear statutory arbitrator
so have value
reasonable cost 5

12 1/2 min left

EP basis 11:05
argument of Superior -

47 too.

~~well~~ shall only be opened up on
order of this com

make
& include
this in
order

Authority 16 min
Economic Recovery

All oil produced
field ~~shall~~ shut down
well capped