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BEFORE THE BOARD OF OIL, GAS & MINING,

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF
OIL GAS & MINING

IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE PETITION
OF PHOENIX HYDROCARBONS, INC.
FOR AN ORDER ESTABLISHING 160
ACRE DRILLING/SPACING UNITS FOR
THE PRODUCTION OF GAS FROM
THE UINTA FORMATION UNDERLYING
SECTION 14, TOWNSHIP 7 SOUTH,
RANGE 21 EAST, S.L.M., UINTAH
COUNTY, UTAH.

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FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND ORDER

Docket No. 91-066
Cause No. 145-11

PURSUANT to the Petition of Phoenix Hydrocarbons, Inc. ("Phoenix" or "Petitioner"), this cause came on for hearing before the Board of Oil, Gas and Mining, Department of Natural Resources, State of Utah, on Thursday, March 28, 1991 at approximately 11:45 a.m. in the Board Room of the Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah. The following Board members were present:

James W. Carter, Chairman
John M. Garr
E. Steele MacIntyre
Judy F. Lever
Kent G. Stringham

Jay L. Christensen

A. John Davis of Pruitt, Gushee & Bachtell, Salt Lake City, Utah, appeared on behalf of the Petitioner. There were no respondents to the Petition, nor did any respondents make an appearance at the hearing.

Appearing on behalf of the Division were Dr. Dianne R. Nielson, Director and Ronald J. Firth, Associate Director, Oil and Gas, Frank R. Matthews, Petroleum Engineer and Brad Hill, Petroleum Geologist. Representing the Division was Thomas A. Mitchell, Assistant Attorney General. Petitioner called John C. Osmond, consulting geologist, as its expert witness.

NOW, THEREFORE, the Board, having considered the testimony adduced and the exhibits present and admitted in said hearing, and being fully advised in the premises, makes and enters the following:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board.
2. The Board has jurisdiction over the subject matter of the Petition and over all interested parties and has jurisdiction to make and promulgate the Order hereinafter set forth.
3. The Board has previously entered its Order in Case No. 145-2 establishing 320-acre spacing units for the production of gas from the Uinta Formation underlying the following lands:

Township 6 South, Range 21 East, S.L.M.

Sections: 25-27, 34-36

Township 6 South, Range 22 East, S.L.M.

Sections: 28-33

Township 7 South, Range 21 East, S.L.M.

Sections: 1-3, 10-12

Township 7 South, Range 22 East, S.L.M.

Sections: 4-6, 8-10

4. This Board has previously entered its Order in Cause No. 145-3 extending the provisions of the Order in Cause No. 145-2 to Section 4, Township 7 South, Range 21 East, S.L.M., Uintah County, Utah.

5. This Board has previously entered its Order in Cause No. 145-4 allowing two production wells per 320-acre spacing unit (as established in Cause No. 145-2), for the production of gas from the Uinta Formation underlying Sections 31-33 of Township 6 South, Range 22 East, S.L.M.

6. This Board has previously entered its Order in Cause No. 145-5 allowing two production wells per 320-acre spacing unit (as established in Cause No. 145-2), for the production of gas from the Uinta Formation underlying Section 28-30 of Township 6 South, Range 22 East, S.L.M. This order further established 160-acre drilling units for the production of gas from the Uinta Formation underlying Sections 25-27 and 34-36 of Township 6 South, Range 22 East, S.L.M.

7. This Board has previously entered its Order in Cause No. 145-6 extending the provisions of the Order in Cause no. 145-2 to Section 32 of Township 6 South, Range 21 East, S.L.M.

8. This Board has previously entered its Order in Cause No. 145-8 allowing two production wells per 320-acre unit (as established in Cause Nos. 145-2, 145-3 and 145-6), for the production of gas from the Uinta Formation underlying the following described lands:

Township 6 South, Range 21 East, S.L.M.

Sections: 25-27, 32, 34-36

Township 7 South, Range 21 East, S.L.M.

Sections: 1-4, 10-12

Township 7 South, Range 22 East, S.L.M.

Sections: 4-6, 8-10

9. This Board has previously entered its Order in Cause No. 145-10 establishing 160-acre spacing and drilling units for the Uinta Formation in Section 21 of Township 6 South, Range 21 East, S.L.M.

10. Geologic evidence indicates that the Uinta Formation is a gas producing reservoir which underlies the lands which are the subject of the Petition (Section 14, Township 7 South, Range 21 East, S.L.M.).

11. Evidence also indicates that the Uinta Formation underlying the above Section 14 lands is an extension of the same Uinta Formation previously found by this Board in Cause Nos. 145-2, 145-3, 145-4, 145-5, 145-6, 145-8, and 145-10, to underly the lands discussed in the foregoing paragraphs.

12. Geologic evidence indicates that one well will adequately and most efficiently drain 160-acres of the Uinta Formation underlying the lands in subject Section 14.

13. Geologic evidence indicates that 160-acre drilling units for gas production from the Uinta Formation are not smaller than the maximum area which can be efficiently and economically drained by one well.

14. To protect the correlative rights of the various interest owners, to prevent waste, to maximize recovery of the natural resource, and to prevent the drilling of unnecessary wells, the Board should enter an Order establishing 160-acre units in subject Section 14 for the production of gas from the Uinta Formation.

15. The permitted well locations for each such 160-acre Uinta Formation spacing unit should be one well per governmental quarter section, the well being no closer than 500 feet from the boundaries of each such quarter section.

16. The Division of Oil, Gas and Mining, or successor agency, should have the right to administratively approve exceptions to the prescribed well locations if topographical, cultural, geological or other considerations so require.

CONCLUSIONS OF LAW

1. The Uinta Formation underlying Section 14, Township 7 South, Range 21 East, S.L.M., is a "common source of supply" as that term is defined in Utah Code Ann., §40-6-2(11) (1953 as amended).

2. The establishment of 160-acre units on Section 14, Township 7 South, Range 21 East, S.L.M., will prevent the drilling of unnecessary wells, prevent waste, maximize recovery and protect correlative rights.

Sufficient evidence now being available upon which to reach decision, the Board issues the following:

ORDER

IT IS HEREBY ORDERED by this Board as follows:

1. That 160-acre drilling units be, and the same hereby are established in Section 14, Township 7 South, Range 21 East, S.L.M., Uintah County, Utah, for the production of gas from the Uinta Formation.

2. That each such 160-acre unit shall be comprised of and equivalent to the surveyed governmental quarter sections in the captioned Section 14.

3. That no more than one well be drilled on any such 160-acre drilling unit in the above Section 14 for the production of gas from the Uinta Formation.

4. That all wells drilled in each such 160-acre unit be located no closer than 500 feet from the boundaries of each surveyed governmental quarter section, with exceptions to this prescribed well site to be approved administratively pursuant to the rules of this Board (or any duly promulgated replacement thereof), if topographical, cultural, geological or other conditions so require.

5. That the presently existing well located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of subject Section 14 (the Coors 14-1-D well) be, and the same hereby is, designated as the permitted well for this particular drilling unit.

6. That this Board retains exclusive and continuing jurisdiction over all matters covered by this Order and over all parties affected hereby, and particularly reserves exclusive and continuing jurisdiction to make further orders as appropriate and as authorized by statute and regulation.

DATED this ____ day of _____, 1991.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

James W. Carter, Chairman

Frank R. Matthews, Petroleum Engineer,
and Brad Hill, Petroleum Geologist

Appearing on behalf of the Division were Dr. Diane R. Nielson, Director and Ronald J. Firth, Associate Director, Oil and Gas. Representing the Division was Thomas A. Mitchell, Assistant Attorney General. Petitioner called John C. Osmond, consulting geologist, as its expert witness.

NOW, THEREFORE, the Board, having considered the testimony adduced and the exhibits present and admitted in said hearing, and being fully advised in the premises, makes and enters the following:

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Sections: 28-33

CAUSE NO. 145-11 / DOCKET NO. 91-006

IN THE MATTER OF THE PETITION
OF PHOENIX HYDROCARBONS, INC.
FOR AN ORDER ESTABLISHING 160
ACRE DRILLING/SPACING UNITS FOR
THE PRODUCTION OF GAS FROM
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ORDERS INDEX

<u>ORDER #</u>	<u>DATE SIGNED</u>	<u>DESCRIPTION</u>
	4/22/91	Certificate of Mailing
#1	4/22/91	Findings of Fact, Conclusions of Law and Order

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DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH**

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Cause No. 145-11

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2. That each such 160-acre unit shall be comprised of and equivalent to the surveyed governmental quarter sections in the captioned Section 14.

3. That no more than one well be drilled on any such 160-acre drilling unit in the above Section 14 for the production of gas from the Uinta Formation.

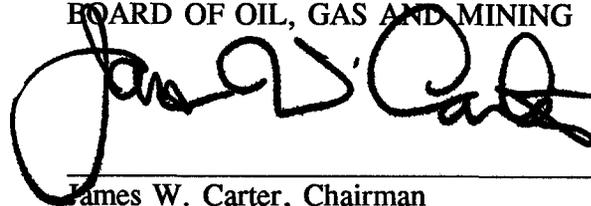
4. That all wells drilled in each such 160-acre unit be located no closer than 500 feet from the boundaries of each surveyed governmental quarter section, with exceptions to this prescribed well site to be approved administratively pursuant to the rules of this Board (or any duly promulgated replacement thereof), if topographical, cultural, geological or other conditions so require.

5. That the presently existing well located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of subject Section 14 (the Coors 14-1-D well) be, and the same hereby is, designated as the permitted well for this particular drilling unit.

6. That this Board retains exclusive and continuing jurisdiction over all matters covered by this Order and over all parties affected hereby, and particularly reserves exclusive and continuing jurisdiction to make further orders as appropriate and as authorized by statute and regulation.

DATED this 22nd day of April, 1991.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



James W. Carter, Chairman

CERTIFICATE OF MAILING

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER for Docket No. 91-006, Cause No. 145-11 to be mailed by first class mail, postage prepaid, the 22nd day of April, 1991 to:

Coors Energy Co.
Box 467
Golden, CO 80402

Ambra Oil & Gas Co.
46 W. 300 S. #200
Salt Lake City, UT 84101

Crown Energy Corp.
311 S. State #475
Salt Lake City, UT 84111

Alta Energy Corp.
415 W. Wall #1810
Midland, TX 79701

Chevron USA, Inc.
Box 1635
Houston, TX 77251

United States Department of the Interior
Minerals Management Service
P.O. Box 5810
Denver, CO 80217

United States Department of the Interior
Bureau of Land Management
324 S. State, Suite 301
Salt Lake City, UT 84111-2303

Mailed by Certified Mail to:

✓ Phoenix Hydrocarbons
415 West Wall, Suite 2018
Midland, TX 79701

✓ A. John Davis
Pruitt, Gushee & Bachtell
Suite 1850 Beneficial Life Tower
Salt Lake City, UT 84111

Lynda Jensen