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BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE
APPLICATION OF TXO
PRODUCTION CORP. FOR
AN ORDER DESIGNATING THE
VALENTINE FEDERAL NO. 3
WELL AS THE DRILLING UNIT
WELL FOR THE DRILLING UNIT
COMPRISING THE S1/2 OF
SECTION 35, TOWNSHIP 16
SOUTH, RANGE 25 EAST, S.L.M.

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O R D E R

Cause No. 149-18

Pursuant to the application of TXO Production Corp., this cause came on for hearing before a hearing examiner for the Board of Oil, Gas and Mining, Department of Natural Resources and Energy, State of Utah, on Tuesday, February 22, 1983 at 8:30 A.M. in Room 4110 of the State Office Building, Salt Lake City, Utah. The following staff of the Division of Oil, Gas and Mining were present:

Cleon Feight, Director and Hearing Examiner
Ron Firth, Petroleum Engineer
Gilbert Hunt, Geologist

Appearances were made as follows: for TXO Production Corp. (Applicant): James W. Carter, Esq., 310 South Main Street, Suite 1400, Salt Lake City, Utah 84101.

NOW THEREFORE, the Board having considered the testimony adduced and the exhibits reviewed in said hearing, and being fully advised in the premises by the parties, now makes and enters the following:

FINDINGS

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 said application and over all parties interested therein and has jurisdiction to make and promulgate the order hereinafter set forth.

3. This Board has previously entered its order in Cause No. 149-2(B), establishing 320-acre drilling and spacing units for the Dakota and Morrison Formations underlying Section 35 and others of Township 16 South, Range 25 East, S.L.M. By its Order entered in Cause No. 149-14, the Board authorized the drilling and completion of a test well to be located 500 feet from the South line and 500 feet from the West line of said Section 35 and authorized production therefrom for a period not to exceed 60 days in order to evaluate said well.

4. The drilling unit well for the drilling unit comprising the S1/2 of Section 35, township and range as aforesaid, is currently the Valentine Federal No. 1 Well.

5. The geologic, engineering and production data obtained from the test well approved as aforesaid demonstrates that production from said test well will enhance the ultimate recovery of hydrocarbon resources from said Section 35 and thereby prevent physical waste of the hydrocarbon resource.

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

ORDER

IT IS HEREBY ORDERED by this Board as follows:

To prevent the waste of oil, gas and associated hydrocarbons, the Board hereby designates the Valentine Federal No. 3 Well, located 500 feet from the South line and 500 feet from the West line of Section 35, Township 16 South, Range 25 East, S.L.M. as the drilling unit well for the drilling and spacing unit comprising the S1/2 of said Section 35, and further orders that the existing

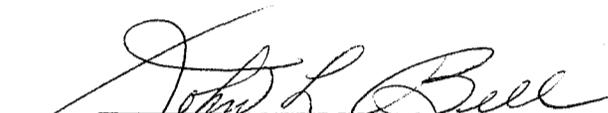
Valentine Federal No. 1 Well be shut-in and not produced without further order of this Board.

DATED this 24th day of February, 1983.

BOARD OF OIL, GAS AND MINING,
State of Utah


CHARLES R. HENDERSON, Chairman

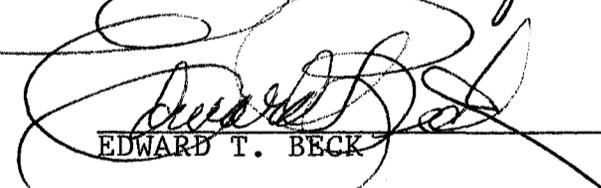

HERM OLSON, Presiding


JOHN L. BELL


ROBERT R. NORMAN

MARGARET BIRD


E. STEELE MCINTYRE


EDWARD T. BECK