

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

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IN THE MATTER OF THE PETITION	:	
OF MOBIL OIL CORPORATION, AS	:	
AGENT FOR THE SUPERIOR OIL	:	
COMPANY, and RAYMOND T. DUNCAN,	:	FINDINGS OF FACT,
VINCENT J. DUNCAN and J. WALTER	:	CONCLUSIONS OF LAW AND
DUNCAN, JR., FOR AN ORDER	:	ORDER
APPROVING THE LOCATION OF	:	
PETITIONERS' LONE MOUNTAIN	:	Docket No. 85-013
CANYON NO. 1-11 WELL AS AN	:	Cause No. 152-5
EXCEPTION TO THE CURRENTLY	:	
APPROVED LOCATION IN THE	:	
NW $\frac{1}{4}$ NW $\frac{1}{4}$ OF SECTION 1, TOWNSHIP	:	
42 SOUTH, RANGE 24 EAST,	:	
S.L.M., SAN JUAN COUNTY, UTAH	:	

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The Petition of Mobil Oil Corporation, as agent for the Superior Oil Company, and Raymond T. Duncan, Vincent J. Duncan, and J. Walter Duncan, Jr., for an order authorizing Petitioners to slant-drill their proposed Lone Mountain Canyon No. 1-11 well to a bottomhole location 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, as an exception to the location currently authorized, came on for consideration and determination by the Board of Oil, Gas & Mining ("Board"), Department of Natural Resources and Energy, in and for the State of Utah, on Thursday, March 28, 1985, in the Board Room of the Division of Oil, Gas and Mining ("Division"), 355 West North Temple, No. 3 Triad Center, Suite 301, Salt Lake City, Utah.

The following Board members, constituting a quorum, were present and participated in the decision embodied herein:

James W. Carter, Acting Chairman  
Charles R. Hendersen  
Richard B. Larsen  
E. Steele McIntyre  
Gregory P. Williams, Chairman, having recused himself, did not participate.

Mark C. Moench, Assistant Attorney General, was present on behalf of the Board.

Members of the staff of the Division present at and participating in the hearing included:

Dr. Dianne R. Nielson, Director  
Ronald J. Firth, Associate Director  
John R. Baza, Petroleum Engineer

Barbara W. Roberts, Assistant Attorney General, was present on behalf of the Division.

Michael M. Later, Esq. appeared on behalf of Mobil Oil Corporation et al., (hereinafter referred to collectively as "Petitioners").

Jay D. Gurmankin, Esq., appeared on behalf of Chuska Energy Company ("Respondent").

Testimony was received and exhibits were introduced by the following witnesses: Jeanette M. Bauman, Mobil Staff Production Geologist, Lowell R. Martinson, Mobil Senior Staff, Petroleum Engineer, Henry Haven, Chuska Energy Co. Production Geologist, John C. Alexander, Chuska Energy Co. Vice-President of Operations. Each of the above witnesses was recognized by the

Board as an expert in their respective field with regard to this matter.

After hearing the evidence introduced in support of said Petition, and having reviewed the responses offered in support and in opposition to said Petition, and good cause appearing therefor, the Board makes the following findings of fact, conclusions of law and order:

FINDINGS OF FACT

1. Due and regular notice of the date, 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. Petitioners' own oil and gas leasehold interests in Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.

3. Respondent Chuska Energy Company is the owner of certain oil and gas leasehold interests in Section 2, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, adjacent to the west boundary of Petitioners' interests.

4. Respondent Chuska Energy Company currently owns and operates the Navajo Tribal No. 41-2 and Navajo Tribal No. 42-2 production wells on its leasehold interests in Section 2, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.

5. The interests of Petitioners and Respondent in Sections 1 and 2 of Township 42 South, Range 24 East, S.L.M., San

Juan County, Utah, are underlain by common producing reservoirs in the Ismay and/or Desert Creek Formations.

6. Petitioners cannot feasibly drill into and develop the producing reservoirs underlying their interests in Section 1, Township 42 South, Range 24 East, S.L.M. at the currently approved well location in Section 1.

7. Petitioners' interests in the oil and gas reservoirs underlying Section 1, Township 42 South, Range 24 East, S.L.M. will be drained by the Navajo Tribal No. 41-2 and Navajo Tribal No. 42-2 wells located in Section 2, Township 42 South, Range 24 East, S.L.M., unless Petitioners are granted an exception location to drill their proposed Lone Mountain Canyon No. 1-11 well, beginning from a surface location 1180 feet from the North line and 500 feet from the West line of Section 1, to a bottomhole location in the Ismay and/or Desert Creek Formation 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M.

8. If Petitioners are granted an exception location to drill their proposed Lone Mountain Canyon No. 1-11 well, it is likely that Petitioners' well will drain oil and gas from the portion of the reservoirs underlying Respondent's interests in Section 2, Township 42 South, Range 24 East, S.L.M.

CONCLUSIONS OF LAW

1. Due and legally sufficient notice of time, place and purpose of this hearing has been afforded to all interested parties in all respects as required by law.

2. The Board has jurisdiction over the matter embraced herein and over all interested parties, and has jurisdiction to make and promulgate the order hereinafter set forth, and pursuant to §40-6-13 Utah Code Annotated (1953, as amended) has jurisdiction to make an order to restrict production.

3. In order to provide for the orderly and uniform development of the oil and gas reservoirs underlying the above-described lands, to prevent waste, to protect correlative rights, and for the greatest economic recovery of oil, gas and associated hydrocarbons underlying the above-described lands, an order should be issued granting Petitioners' request allowing the proposed Lone Mountain Canyon No. 1-11 well to be drilled beginning from a surface location 1180 feet from the North line and 500 feet from the West line, to a bottom hole location in the Ismay and/or Desert Creek Formations, 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.

ORDER

IT IS HEREBY ORDERED, that:

1. Petitioners are authorized to slant-drill their

proposed Lone Mountain Canyon No. 1-11 well beginning from a surface location 1180 feet from the North line and 500 feet from the West line of Section 1, to a bottom hole location in the Ismay and/or Desert Creek Formation 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.

2. Petitioners shall perform a directional survey on the proposed Lone Mountain Canyon 1-11 well to establish the east-west bottom hole location of said well, that Petitioners shall furnish copies of this directional survey to the Staff of the Division of Oil, Gas & Mining and to Respondent Chuska Energy Company; and that in the event that the bottom hole location of said well is located at a point closer than 250 feet from the west line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, Petitioners shall either plug back the well to a point not less than 250 feet from the West line of Section 1, or Petitioners shall not perforate into any producing zone at any point closer than 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M.

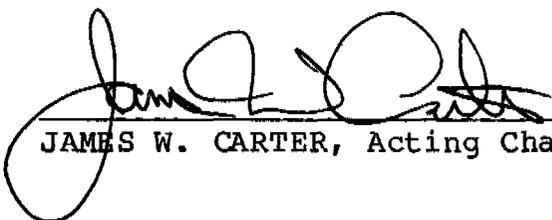
3. Petitioners shall furnish Respondent Chuska Energy with all electric logs related to the drilling of the Lone Mountain Canyon No. 1-11 well.

4. Within ninety (90) days following completion of the Lone Mountain Canyon No. 1-11 well and after assessment of test

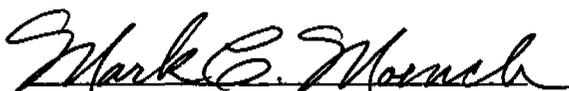
and production data from that well, Petitioners and Respondent shall schedule a hearing before the Board and appear before the Board to testify and present evidence regarding the economic potential of the Lone Mountain Canyon No. 1-11 well, the size, extent and volume of the reservoir underlying Petitioners' and Respondent's respective leasehold interests, and the potential that Petitioners' Lone Mountain Canyon No. 1-11 well may drain Respondent's interests. Following a hearing of that evidence, the Board shall then set production ceilings for the Lone Mountain Canyon No. 1-11 well to protect the correlative rights of Petitioners and Respondent.

DATED this 9<sup>th</sup> day of April, 1985.

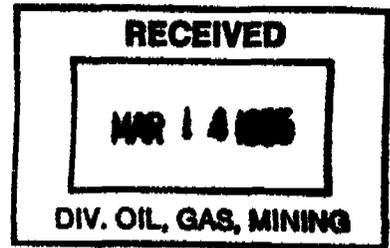
BOARD OF OIL, GAS & MINING

  
\_\_\_\_\_  
JAMES W. CARTER, Acting Chairman

APPROVED AS TO FORM:

  
\_\_\_\_\_  
MARK C. MOENCH  
Assistant Attorney General

Jay D. Gurmankin  
GIAUQUE & WILLIAMS  
Attorneys for Chuska Energy Company  
500 Kearns Building  
Salt Lake City, Utah 84101  
Telephone: (801) 533-8383



BEFORE THE BOARD OF OIL, GAS & MINING  
DEPARTMENT OF NATURAL RESOURCES & ENERGY  
STATE OF UTAH

IN THE MATTER OF THE PETITION OF )  
MOBIL OIL CORPORATION, AS AGENT )  
FOR THE SUPERIOR OIL COMPANY, )  
AND RAYMOND T. DUNCAN, VINCENT J. )  
DUNCAN AND J. WALTER DUNCAN, JR. )  
FOR AN ORDER APPROVING THE )  
LOCATION OF PETITIONERS' LONE )  
MOUNTAIN CANYON NO. 1-11 WELL )  
AS AN EXCEPTION TO THE CURRENTLY )  
APPROVED LOCATION IN THE NW 1/4 )  
NW 1/4 OF SECTION 1, TOWNSHIP )  
42 SOUTH, RANGE 24 EAST, S.L.M., )  
SAN JUAN COUNTY, UTAH. )

STIPULATION AND ORDER

Cause No. 152-5  
Docket No. 85-013

STIPULATION

Petitioners, by their undersigned attorneys, and Respondent, by its undersigned attorneys, hereby stipulate and agree that Respondent may have to and including March 15, 1985, to file its Response in this cause.

DATED this 14<sup>th</sup> day of March, 1985.

ROOKER, LARSEN, KIMBALL & PARR

By

A handwritten signature in cursive script, appearing to read "Dale G. Kimball".

Attorneys for Petitioners

GIAUQUE & WILLIAMS

By Jay D. Gurmankin  
Jay D. Gurmankin  
Attorneys for Respondent

ORDER

Based upon the Stipulation of the parties, and good cause appearing therefor,

IT IS HEREBY ORDERED that Respondent may have to and including March 15, 1985, in which to file its Response in this cause.

DATED this \_\_\_\_\_ day of March, 1985.

BOARD OF OIL, GAS & MINING

By \_\_\_\_\_  
Vice Chairman

(3107s)

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

IN THE MATTER OF THE PETITION )  
OF MOBIL OIL CORPORATION, AS )  
AGENT FOR THE SUPERIOR OIL )  
COMPANY, and RAYMOND T. )  
DUNCAN, VINCENT J. DUNCAN )  
and J. WALTER DUNCAN, JR., )  
FOR AN ORDER APPROVING THE )  
LOCATION OF PETITIONERS' LONE )  
MOUNTAIN CANYON NO. 1-11 WELL )  
AS AN EXCEPTION TO THE )  
CURRENTLY APPROVED LOCATION )  
IN THE NW1/4 NW1/4 OF SECTION )  
1, TOWNSHIP 42 SOUTH, RANGE )  
24 EAST, S.L.M., SAN JUAN )  
COUNTY, UTAH. )

RESPONDENT'S PROPOSED ORDER

Docket No. 85-013  
Cause No. 152-5

The Petition of Mobil Oil Corporation, as agent for the Superior Oil Company, and Raymond T. Duncan, Vincent J. Duncan, and J. Walter Duncan, Jr., for an order authorizing petitioners to slant-drill their proposed Lone Mountain Canyon No. 1-11 well to a bottom hole location 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, as an exception to the location currently authorized, came on for consideration and determination by the Board of Oil, Gas & Mining ("Board"), Department of Natural Resources and Energy, in and for the State of Utah, on Thursday, March 28, 1985, in the Board Room of the Division of Oil, Gas & Mining ("Division"), 355 West North Temple, No. 3 Triad Center, Suite 301, Salt Lake City, Utah. The following Board members, constituting a quorum, were present and participated in the

hearing and in the decision embodied herein: James W. Carter, Acting Chairman; John M. Garr, Charles R. Hendersen, Richard B. Larsen, and E. Steele McIntyre. Gregory P. Williams, Chairman, recused himself from participation, and participated neither in the hearing nor the decision herein. Barbara Roberts, Assistant Attorney General, was present on behalf of the Division. Mark C. Moench, Assistant Attorney General, was present on behalf of the Board.

The following appeared at the hearing: Michael Later for Mobil Oil Corporation as agent for the Superior Oil Company; and Jay D. Gurmankin for Chuska Energy Company.

After hearing the evidence introduced in support of said Petition, and having reviewed the pleadings offered in support and in opposition to said Petition, and good cause appearing therefor, the Board makes the following Findings of Fact, Conclusions of Law and Order:

#### FINDINGS OF FACT

1. Due and regular notice of the date, 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. Petitioners own oil and gas leasehold interests in Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.
3. Respondent Chuska Energy Company is the owner of certain oil and gas leasehold interests in Section 2, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, adjacent to the west boundary of petitioners' interests.

4. Respondent Chuska Energy Company currently owns and operates Navajo Tribal No. 41-2 and Navajo Tribal No. 42-2 production wells on its leasehold interests in Section 2, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.

5. The interest of petitioners and respondent in Sections 1 and 2 of Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, are underlain by common producing reservoirs in the Ismay and/or Desert Creek Formations.

6. Petitioners cannot feasibly drill into and develop the producing reservoirs underlying their interests in Section 1, Township 42 South, Range 24 East, S.L.M. at the currently approved well location in Section 1.

7. Petitioners' interests in the oil and gas reservoirs underlying Section 1, Township 42 South, Range 24 East, S.L.M. will, without the exception location herein sought, be drained by the Navajo Tribal No. 41-2 and Navajo Tribal No. 42-2 wells located in Section 2, Township 42 South, Range 24 East, S.L.M.

8. If petitioners are granted an exception location to drill their proposed Lone Mountain Canyon No. 1-11 well, petitioners' well will drain oil and gas from the portion of the reservoirs underlying respondent's interests in Section 2, Township 42 South, Range 24 East, S.L.M.

#### CONCLUSIONS OF LAW

1. Due and legally sufficient notice of the time, place and purpose of this hearing has been afforded to all interested parties in all respects as required by law.

2. The Board has jurisdiction over the matter embraced herein and over all parties interested; has jurisdiction to make and promulgate the order hereinafter set forth; and pursuant to § 40-6-13, Utah Code Ann., has jurisdiction to make an order to restrict production.

3. In order to provide for the orderly and uniform development of the oil and gas reservoirs underlying the above-described lands, to prevent waste, to protect correlative rights, and for the greatest economic recovery of oil, gas and associated hydrocarbons underlying the above-described lands, an order should be issued granting petitioners' request allowing the proposed Lone Mountain Canyon No. 1-11 well to be drilled beginning from a surface location 1180 feet from the North line and 500 feet from the West line, to a bottom hole location in the Ismay and/or Desert Creek Formations, 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah; provided that the bottom hole location should be no closer than 250 feet from the West line of Section 1 and that if the bottom hole location is closer than 250 feet the well should be plugged back or altered so as only to allow production from perforation intervals 250 feet or more from the west line of Section 1.

ORDER

IT IS HEREBY ORDERED that petitioners are authorized to slant-drill their proposed Lone Mountain Canyon No. 1-11 well beginning from a surface location 1180 feet from the North

line and 500 feet from the West line of Section 1, to a bottom hole location in the Ismay and/or Desert Creek Formation 1180 feet from the North line and 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah.

IT IS FURTHER ORDERED that petitioners shall perform a directional survey at the conclusion of drilling on the proposed Lone Mountain Canyon 1-11 well to establish the east-west bottom hole location of said well, that petitioners shall furnish copies of this directional survey to the Staff of the Division of Oil, Gas & Mining and to respondent Chuska Energy Company; and that in the event that the bottom hole location of said well is located at a point closer than 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M., San Juan County, Utah, petitioners shall either plug back the well to a point not less than 250 feet from the West line of Section 1, or petitioners shall not perforate into any producing zone at any point closer than 250 feet from the West line of Section 1, Township 42 South, Range 24 East, S.L.M.

IT IS FURTHER ORDERED that petitioners shall furnish respondent Chuska Energy with all electric logs related to the drilling of the Lone Mountain Canyon No. 1-11 well.

IT IS FURTHER ORDERED that ninety (90) days following completion of petitioners' Lone Mountain Canyon No. 1-11 well and after assessment of test and production data from that well, petitioners and respondent shall schedule a hearing

before the Board and and appear before the Board to testify and present evidence regarding the economic potential of the Lone Mountain Canyon No. 1-11 well, the size, extent and volume of the reservoir underlying petitioners' and respondent's respective leasehold interests, and the potential that petitioners' Lone Mountain Canyon No. 1-11 well may drain respondent's interests. Following hearing of that evidence, the Board shall then set production ceilings for the Lone Mountain Canyon No. 1-11 well to protect the correlative rights of petitioners and respondents.

Dated this \_\_\_\_ day of April, 1985.

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

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