

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 PETITION)	
OF CONOCO, INC. FOR AN AMENDMENT)	FINDINGS OF FACT
TO THE 320-ACRE SPACING ORDER)	AND ORDER
IN CAUSE NOS. 173-1 AND 173-2,)	
TO PERMIT A SECOND WELL IN THE)	Docket No. 89-006
N½ OF SECTIONS 3 AND 6, T. 9 S,)	
R. 21 E. SLM, IN THE OURAY FIELD)	Cause No. 173-8
OF UINTAH COUNTY, UTAH)	

Pursuant to the Petition of Conoco, Inc. this Cause came on for hearing before the Board of Oil, Gas and Mining at 10:00 a.m. on Thursday, April 27, 1989 in the Boardroom of the Division of Oil, Gas and Mining, 3 Triad Center, Suite 301, 355 West North Temple, Salt Lake City, Utah. The following Board members were present:

James W. Carter, Acting Chairman

E. Steele McIntyre

Charles R. Henderson

Judy F. Lever

Richard B. Larsen

Also present representing the Division were Dr. Dianne R. Nielson, Director; Ronald J. Firth, Associate Director, Oil & Gas; John R. Baza, Petroleum Engineer; and Barbara W. Roberts, Assistant Attorney General and Counsel to the Division.

Participating and representing the Bureau of Land Management (BLM) were Robert A. Henricks (Chief, Branch of Fluid Minerals, Utah State Office) and Jerry Kenczka (Petroleum Engineer, Vernal District Office). Testifying on behalf of Petitioner Conoco, Inc. were W.E. Howard, Senior Reservoir Engineer; James Penney, Senior Landman; and Frank Vernon, Staff Geologist. Conoco was represented by Robert G. Pruitt, Jr. of Pruitt, Gushee & Fletcher. No other parties appeared or participated in the hearing.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and manner as required by law and the rules of the Board.

2. The Board has jurisdiction over the matters covered by said Petition, and over all parties interested therein, and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Board has previously established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Wasatch-Mesa Verde formation underlying the N $\frac{1}{2}$ of Sections 3 and 6, Township 9 South, Range 21 East, SLM, Uintah County.

4. The Wasatch-Mesa Verde formation underlying the N $\frac{1}{2}$ of Sections 3 and 6 consists of lenticular, disconnected sands, and the existing wells in the N $\frac{1}{2}$ of Sections 3 and 6 are not capable of recovering all of the gas and related hydrocarbons possible from the Wasatch-Mesa Verde formation within the existing 320-acre drilling units. An optional second well is justified at these particular locations and an optional second well in these two spacing units will not interfere with production from the existing wells, which will continue to be produced.

5. Permitting an optional second well in the two 320-acre drilling units will not affect the existing Communitization Agreements which were based upon 320-acre drilling units, and all owners sharing in the original producing wells will continue to share on the same basis in any new wells drilled in the respective 320-acre drilling units.

6. The spaced interval in the existing 320-acre drilling units should remain unchanged under this amended Order.

7. Possible effects of additional wells upon the existing wells in the same spacing unit should be monitored. The Board favors the practice of drilling additional wells if the practice does not adversely impact production from existing wells.

ORDER

After considering all testimony and evidence presented at the hearing, and the comments received from the staff of the Division and the BLM, the Board enters the following Order:

1. The Board's Orders in Cause No. 173-1 dated February 22, 1978, and Cause No. 173-2 dated April 25, 1979, are hereby amended to permit an optional second well to be drilled and produced from the spaced interval in the existing 320-acre drilling units described below:

Township 9 South, Range 21 East, SLM

Section 3: $N\frac{1}{2}$

Section 6: Lots 1-5, $S\frac{1}{2}NE\frac{1}{4}$, $SE\frac{1}{4}NW\frac{1}{4}$ ($N\frac{1}{2}$)

2. Said optional second well shall be located in the offsetting $NE\frac{1}{4}$ of the section, provided that such second well is no closer than 1,320 feet from the nearest well producing in the same spaced interval.

3. The option to drill a second well shall be exercised by the Operator of the existing producing well in the same 320-acre drilling unit, and shall be based upon the Operator's evaluation of economic and reservoir conditions.

4. Petitioner is ordered to monitor the existing well in each unit for possible drainage as a result of drilling and producing the additional well in such unit, and to report to the

Division during the first quarter of 1990 its observations. Petitioner is further ordered to appear before the Board in January of 1991 to make a report and show cause why an additional optional well should not be allowed for all 320-acre drilling units originally established by Orders in Causes Nos. 173-1 and 173-2.

4. The Board retains continuing jurisdiction over all of the parties and the subject matter of this Cause.

Entered this 28th day of June 1989.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

By: 

Gregory P. Williams, Chairman