



# WEXPRO COMPANY

141 EAST FIRST SOUTH • P. O. BOX 11070 • SALT LAKE CITY, UTAH 84147 • (801) 532-6207

LEGAL DEPARTMENT

December 2, 1981

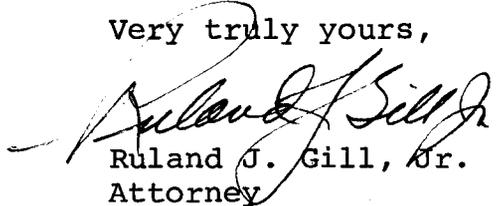
Mr. Cleon B. Feight, Director  
Board of Oil, Gas and Mining  
4241 State Office Building  
Salt Lake City, Utah 84114

Dear Mr. Feight:

Re: Cause No. 186-7

Enclosed is an original and one copy of the proposed Order in Cause No. 186-7 concerning an exception well location for the Bug 7-A well.

Very truly yours,

  
Ruland J. Gill, Jr.  
Attorney

RJGJ:kmt  
Enclosure

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 WEXPRO COMPANY FOR AN ORDER	:	
PERMITTING AN EXCEPTION WELL	:	ORDER
LOCATION FOR BUG WELL NO. 7-A	:	Cause No. 186-7
IN THE SPACED AREA OF THE BUG	:	
FIELD, SAN JUAN COUNTY, UTAH.	:	
	:	

---

THIS CAUSE came on for hearing before the Board of Oil, Gas and Mining, Department of Natural Resources and Energy of the State of Utah, on the 19th day of November, 1981, in the Wildlife Resources Auditorium, 1596 West North Temple, Salt Lake City, Utah.

The following Board members were present:

Herm Olsen, Esq., Presiding Chairman  
Margaret Bird  
John L. Bell  
Charles R. Henderson  
Robert Norman  
E. Steele McIntyre

Appearances were made as follows:

For Applicants Wexpro Company and Mountain Fuel Supply Company:

Ruland J. Gill, Jr., Esq.  
141 East First South Street  
Salt Lake City, Utah 84111

For May Petroleum, Inc., and Premco Western Company:

Oliver W. Gushee, Jr., Esq.  
875 Beneficial Life Tower  
Salt Lake City, Utah 84111

For Charles Gilbreth and Family:

Charles Gilbreth  
San Jose, California

For Edward G. McRae:

Edward G. McRae  
Cortez, Colorado

For K&J Investment Company:

John Anderson  
Salt Lake City, Utah

Applicant, Wexpro Company (Wexpro), presented sworn testimony and exhibits in support of its application after which intervenor/protestant, May Petroleum, Inc., (May) and Premco Western Company, through their attorney, cross-examined and presented sworn rebuttal

testimony and evidence. Wexpro cross-examined May. Intervenors Charles Gilbreth and Edward G. McRae presented statements and supported the position of Wexpro. Intervenor K&J Investment Company presented a statement in opposition to Wexpro's position. No other parties appeared or protested the granting of the aforesaid Application.

NOW, THEREFORE, the Board, having considered the Application, the protests and the statements of support, and the Board having further considered all testimony, evidence and other documents received at said hearing, and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and purpose of the hearing on Cause No. 186-7 was given to all interested parties in the form, the manner and within the time required by law and the Rules and Regulations of the Board.

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

3. By an Order entered February 27, 1980, in Cause No. 186-1 and by an Order entered October 23, 1980, in Cause No. 186-3, the Board established drilling units comprising each governmental quarter section for the production of oil, gas and associated hydrocarbon from the Desert Creek formation interval underlying certain lands in San Juan County, Utah. The drilling unit in question consists of the NE $\frac{1}{4}$  of Section 7, Township 36 South, Range 26 East, S.L.B.M., San Juan County, Utah. The permitted well location is at or near the center of the northeast 40-acre subdivision of such NE $\frac{1}{4}$ , which is construed as meaning within a 400-foot square window located in the center of such designated quarter-quarter section. Cause Nos. 186-1 and 186-3 also authorize administrative approval by the Director, Division of Oil, Gas and Mining, for exception well locations due to topography or geology within the spaced area of the Bug field without the necessity of a full hearing before the Board.

4. Section 40-6-6(c) of the Utah Code Annotated (1953) authorizes the Board to grant exception well locations upon application, notice and hearing when the Board finds "that the drilling unit is located on the edge of a pool or field and adjacent to a producing unit or, for some other reason, the requirement to drill the well at the authorized location on the unit would be inequitable or unreasonable." Section 40-6-6(c) Utah Code Anno. (1953).

5. Applicant, Wexpro, requested and obtained administrative approval from the Director, Division of Oil, Gas and Mining, for an exception well location for the Bug No. 7-A well in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 7, Township 36 South, Range 26 East, S.L.B.M., San Juan County, Utah. Wexpro orally advised the Director that it was near a full settlement with other producers in the area but if any affected party objected to such administrative approval, that Wexpro would apply for a hearing to seek Board approval of such exception well location. May objected to such administrative approval and therefore Wexpro made application for this hearing.

6. Wexpro is a major working interest owner and Gilbreth and McRae are landowners within the drilling unit for the Bug 7-A well. May has no interest in that drilling unit. Wexpro, May and J&K Investment Company are interest owners in the Bug No. 2 and No. 6 wells located in the SW $\frac{1}{4}$  and SE $\frac{1}{4}$  of said Section 7, respectively.

7. The location of the Bug 7-A well is approximately equidistant from the Bug No. 2 and No. 6 wells and approximately the same distance from the lease line as are Bug No. 2 and No. 6 wells. Bug No. 2 well is 515 feet from the north line of its drilling unit. Bug No. 6 is 382 feet from the north line of its drilling unit and such well is an administratively approved exception location. Bug 7-A well would be 468 feet from the south line of its drilling unit. The Bug 7-A location is 1,745 feet from Bug No. 6 well and 1,516 feet from Bug No. 2 well.

8. Three dry wells have been drilled to the Desert Creek formation and are in the immediate vicinity north, east and west of

the Bug 7-A location. Competent geologic evidence and sworn testimony presented at the hearing indicate that the edge of the pool for the Bug field, i.e., the edge of the porosity thickness where commercial production could be obtained, extends only part way into the drilling unit comprising the NE $\frac{1}{4}$  of said Section 7.

10. Bug wells No. 2 and No. 6 are draining part of the productive pool under the drilling unit comprising the NE $\frac{1}{4}$  of said Section 7 and for the protection of correlative rights and the prevention of waste, the exception location for the Bug 7-A well in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 7 should be approved by this Board as authorized by authority of Section 40-6-6(c) of the Utah Code Anno. (1953).

11. Utah law requires the Board to consider the correlative rights of all parties without regard to whether such rights are owned by governmental agencies, including federal, state or local agencies, or whether such rights are owned by private individuals or corporations.

12. In accordance with Rule C-3(d), the Board should retain continuing jurisdiction of this matter, and the Board may take such other action, upon notice and hearing, as will offset any advantage which any interest owners and producers may obtain over other producers by reason of the unorthodox Bug 7-A well location.

IT IS THEREFORE ORDERED:

1. That the permitted well location for a well in the drilling unit comprising the NE $\frac{1}{4}$  of Section 7, Township 36 South, Range 26 East, S.L.B.M., San Juan County, Utah, shall be the Bug 7-A well location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 7.

2. That the Board may take such other action, upon notice and hearing, as will offset any advantage which any interest owners and producers may obtain over other producers by reason of the unorthodox Bug 7-A well location.

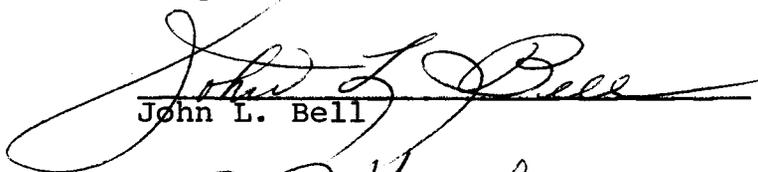
3. That the Board retains continuing jurisdiction over all matters covered by this Order and over all parties affected thereby.

ENTERED this \_\_\_\_ day of December, 1981.

BOARD OF OIL, GAS AND MINING  
OF THE STATE OF UTAH

  
Herm Olsen, Presiding Chairman

\_\_\_\_\_  
Margaret Bird

  
John L. Bell

  
Charles R. Henderson

  
Robert Norman

  
E. Steele McIntyre

\_\_\_\_\_  
Edward T. Beck

FURTHER, IT IS ORDERED, that the Wexpro Bug No. 1 well located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 12, Township 36 South, Range 26 East shall be an exception location.

FURTHER, IT IS ORDERED, that only one producing well drilled into the spaced interval should be permitted within each quarter section, drilling and spacing unit established by this Board.

DATED this 27<sup>th</sup> day of February, 1980.

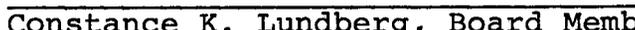
BOARD OF OIL, GAS, AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
in and for the STATE OF UTAH

  
Charles Henderson, Board Chairman

  
E. Steele McIntyre, Board Member

  
Edward T. Bell, Board Member

  
Ray C. Juvelin, Board Member

  
Constance K. Lundberg, Board Member