

FILED

OCT 26 1998

SECRETARY, BOARD OF
OIL, GAS & MINING

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

---oo0oo---

IN THE MATTER OF THE REQUEST	:	
FOR AGENCY ACTION OF UNION	:	FINDINGS OF FACT,
PACIFIC RESOURCES, FOR AN	:	CONCLUSIONS OF LAW,
ORDER AMENDING CAUSE NO. 189-1	:	AND ORDER
AND RE-ESTABLISHING DRILLING	:	
UNIT #3 -- TOWNSHIP 5 NORTH,	:	Docket No. 98-011
RANGE 8 EAST, S.L.B.&M.,	:	Cause No. 189-1C
SUMMIT COUNTY, UTAH.	:	

---oo0oo---

Pursuant to the Request for Agency Action of Union Pacific Resources Company ("Petitioner"), this cause came on for hearing before the Board of Oil, Gas and Mining (the "Board"), Department of Natural Resources, State of Utah, on July 29, 1998, commencing at the hour of 10:00 a.m. in Room 1040A of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

The following Board members were present and participated at the hearing:

Dave D. Lauriski, Chairman
Jay L. Christensen
Allan Mashburn
Thomas B. Faddies
Stephanie Cartwright
Elise Erler
Raymond Murray

Attending and participating on behalf of the Board and the Division of Oil, Gas and Mining (the "Division") were Lowell P. Braxton, Acting Director, John Baza, Associate Director of Oil and Gas, Mary Ann Wright, Associate Director of Mining Programs,

Christine Allred, Secretary to the Board, and Diane Rubey, Legal Secretary. Jimmy Raffoul attended on behalf of the Bureau of Land Management. The Board and the Division were represented by Patrick J. O'Hara, Esq. and Daniel Moquin, Esq., Assistant Attorneys General, State of Utah.

John S. Kirkham, Esq. of Stoel Rives LLP represented the Petitioner, and appearing as witnesses for the Petitioner were Charles W. Farmer, Manager of Oil and Gas Commission Affairs, and C.W. Cook, Senior Staff Geologist.

Larry Williams, Esq. represented Anschutz Overthrust Corporation.

NOW THEREFORE, the Board, having considered the Request for Agency Action, the testimony of the witnesses and the exhibits presented 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 July 29, 1998 hearing was given to all interested parties as required by law and the rules and regulations of the Board.

2. Pursuant to Utah Code Ann. § 40-6-5,6 (1997) and in accordance with Utah Administrative Code § R641-104-100 (1995), the Board has jurisdiction over this matter and over all of the parties interested therein, and to make and promulgate the Order hereinafter set forth.

3. The factual representations in Petitioner's Request for Agency Action are substantially true and correct.

4. The land covered by this Petition is located in Sections 4 and 5 of Township 5 North, Range 8 East, S.L.B.& M., in Summit County, Utah (the "Subject Lands").

5. The formation covered by this Petition is the Phosphoria Formation, including its various members, in the Subject Lands ("Phosphoria").

6. Petitioner is owner of record for all lands in Section 5 and has obtained or is in the process of obtaining a joint operating agreement with the other working interests in Section 4.

7. Sections 4, and 5, Township 5 North, Range 8 East, and Sections 28, 29, 32 and 33 Township 6 North, Range 8 East were originally covered by Cause No. 189-1 issued by the Board on November 19, 1980, which provided for three drilling units for the Phosphoria formation. Cause No. 189-1 was amended by an Order entered September 18, 1996, in Docket No. 96-008, Cause No. 189-1B, which provided for, among other things, an exception well in the second drilling unit as established by the 1980 Order.

8. Sections 4 and 5, Township 5 North, Range 8 East are the subject of the 1980 Order which purported to establish a drilling and spacing unit for the Phosphoria.

9. The descriptions used in the 1980 Order do not conform to the actual survey of the Sections as maintained on the records of the Bureau of Land Management ("BLM").

10. The 1980 Order contains a number of inconsistencies with respect to descriptions and acreage that necessitate an amendment.

11. The actual survey of Subject Lands is depicted on the master title plat maintained by the BLM.

12. Paragraph 4 of the "Findings and Conclusions" portion of the 1980 Order describes Drilling Unit #3 as:

Township 5 North, Range 8 East

Lots 1 through 4 and W/2 comprising all of Section 4, and E/2, E/2 W/2 of Section 5 (approximately 726.66 acres).

13. Paragraph 13.c of the "Findings and Conclusions" portion of the 1980 Order describes Drilling Unit #3 as:

Lots 1, 2, 3, 4, and the W/2 W/2 of Section 4, the E/2 and E/2 E/2 W/2 of Section 5, Township 5 North, Range 8 East, SLBM, consisting of 646.66 acres shall constitute drilling unit #3.

14. The master title plat demonstrates that there are no Lots 1 and 2 in Section 4 inasmuch as Section 4 only has Lots 3, 4, 5, 6, and 7.

15. Because of the surveyed Lots, the description "W/2 W/2" does not properly describe an area in Section 4. The proper description for all of Section 4 would be "Lots 3, 4, 5, 6, and 7 and SW/4NW/4, W/2SW/4."

16. The 1980 Order also inappropriately describes the survey for Section 5. The proper description for Section 5 should be "Lots 1, 2 and 3, and S/2NE/4, SE/4NW/4, E/2SW/4 and SE/4."

17. The "Order" portion of the 1980 Order at Paragraph 1 establishes a gas drilling unit for "lots 1 through 4 and W/2 comprising all of Section 4, and E/2, E/2 W/2 of

section 5 (approximately 726.66 acres)." This description repeats the prior problems and inaccurately describes the area requested and allotted for gas drilling.

18. The "Order" portion of the 1980 Order at Paragraph 3 also establishes Drilling Unit #3 as "Lots 1 through 4 and the W/2 W/2 of Section 4, the E/2 and E/2 E/2 W/2 of Section 5 Township 5 North, Range 8 East, SLBM, consisting of 646.66 acres."

19. The 80-acre discrepancy between paragraphs 4 and 13 in the "Findings and Conclusions" and paragraphs 1 and 3 of the "Order" are not explained in the record maintained by the Board with respect to the 1980 Order.

20. Use of the description in paragraph 3 of the "Order" portion of the 1980 Order would result in the splitting of a surveyed lot which would be inconsistent with the past practice of the Board and would result in a drilling unit that is not of a uniform size and shape as required by statute.

21. The following Order is based upon the authority granted to the Board to make orders which will prevent waste and specifically the statutory authority of Section 40-6-6, Utah Code Ann. (1997). The Order conforms Drilling Unit #3 to the requirements of the relevant statutes and the regulations.

ORDER

1. Based upon the Findings of Fact and Conclusions of Law set forth above, the Board hereby ORDERS that the November 19, 1980 Order be amended and Drilling Unit #3 be re-established. The Board ORDERS that Drilling Unit #3 shall be described as: Township 5 North, Range 8 East in the Salt Lake Base and Meridian, Section 4: Lots 3, 4, 5,

6 and 7, the southwest quarter of the northwest quarter, and the west half of the southwest quarter; and in Section 5: Lots 1, 2 and 3, the south half of the northeast quarter, the southeast quarter of the northwest quarter, the east half of the southwest quarter, and the southeast quarter, encompassing approximately 729.70 acres. This information is summarized as:

Township 5 North, Range 8 East

Section 4: Lots 3, 4, 5, 6, and 7, SW $\frac{1}{4}$ NW $\frac{1}{4}$,
 W $\frac{1}{2}$ SW $\frac{1}{4}$
Section 5: Lots 1, 2 and 3, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$,
 E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ (approximately 729.70 acres).

2. A map establishing this drilling unit accompanies this Order.
3. Pursuant to Utah Administrative Code R641 and Utah Code Ann.

§ 63-46b-6 to -10 (1953, as amended), the Board has considered and decided this matter as a formal adjudication.

4. This Findings of Fact, Conclusions of Law, and Order ("Order") is based exclusively on evidence of record in the adjudicative proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, all as required by the Administrative Procedures Act, Utah Code Ann. § 63-46b-10 and Utah Administrative Code R641-109.

5. Notice re Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63-46b-10(e) to -10(g) (1953, as amended), the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order is issued.

Utah Code Ann. § 63-46b-14(3) (a) and -16 (1953, as amended). As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63-46b-13, entitled "Agency review - Reconsideration," states:

- (1)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.
- (b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.
- (2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.
- (3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.
- (b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Id. The Board also hereby notifies the parties that Utah Administrative Code R641-110-100, which is part of a group of Board rules entitled "Rehearing and Modification of Existing Orders," states:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

Id. See Utah Administrative Code R641-110-200 for the required contents of a Petition for Rehearing. If there is any conflict between the deadline in Utah Code Ann. § 63-46b-13

(1953, as amended) and the deadline in Utah Administrative Code R641-110-100 for moving to rehear this matter, the Board hereby rules that the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

6. The Board retains continuing jurisdiction over all the parties and over the subject matter of this matter, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this Order by the Utah Supreme Court.

7. For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

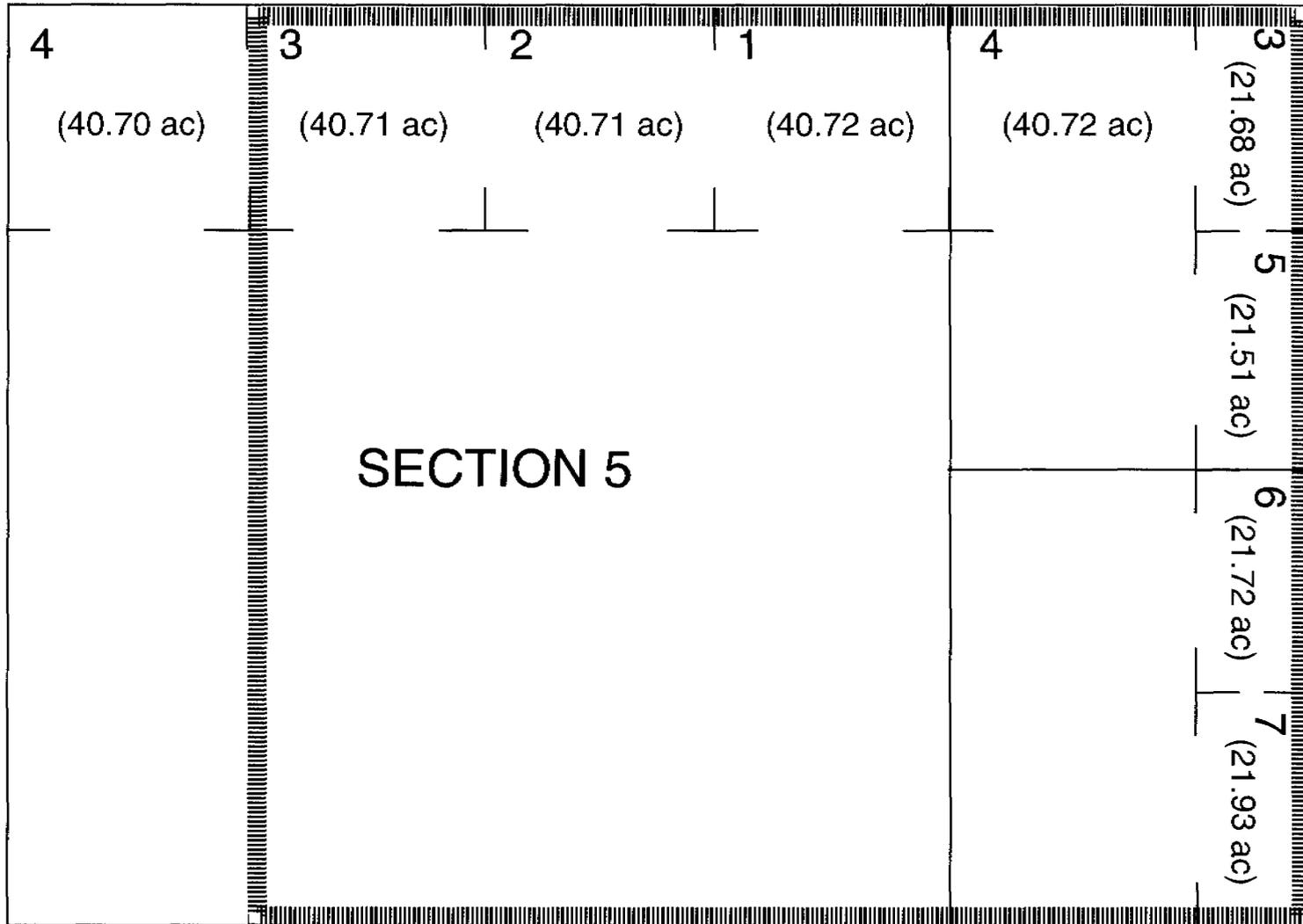
ISSUED this 26th day of October, 1998.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Dave D. Lauriski, Chairman

TOWNSHIP 5 NORTH, RANGE 8 EAST
SUMMIT COUNTY, UTAH



Drilling Unit No. 3
Docket No. 98-011
Cause No. 189-1C

CERTIFICATE OF SERVICE

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. 98-011, Cause No. 189-1C to be mailed by first-class mail, postage prepaid, this 26 day of October, 1998, to the following:

John S. Kirkham, Esq.
STOEL RIVES LLP
Attorney for Union Pacific Resources
201 South Main Street, Suite 1100
Salt Lake City, UT 84111-4904

Anschutz Overthrust Corporation
c/o The Anschutz Corporation
Attention: Ms. Pam Kalstrom
555 Seventeenth Street, Suite 2400
Denver, CO 80202

Larry R. Williams, Esq.
Attorney for Anschutz Overthrust Corporation
P.O. Box 71313
Salt Lake City, UT 84171-0313

Antelope Company
Attention: Ms. Pam Kalstrom
555 Seventeenth Street, Suite 2400
Denver, CO 80202

Patrick J. O'Hara, Esq.
Assistant Attorney General
160 East 300 South, 5th Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

Anschutz Land & Livestock Company
Attention: Ms. Pam Kalstrom
555 Seventeenth Street, Suite 2400
Denver, CO 80202

Daniel G. Moquin, Esq.
Assistant Attorney General
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0855
(Hand Delivered)

Spinnaker Royalty
3738 Oaklawn Avenue, Suite 300
Dallas, TX 75219

John Baza, Associate Director
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, UT 84114-5801
(Hand Delivered)

Piedmont Minerals Company
5838 South Stanida Circle
Salt Lake City, UT 84121

Union Pacific Resources Company
Attention: Charles W. Farmer
Manager of Oil & Gas Commission Affairs
Mail Station No. 3006, P.O. Box 7
Fort Worth, TX 76101-0007

Hugh C. Brady as Trustee of the
Fred B. Anschutz Trust for Benefit
of Sue Anschutz Rodgers and Issue
c/o The Anschutz Corporation
555 Seventeenth Street, Suite 2400
Denver, CO 80202



FILED

JUN 24 1998

SECRETARY, BOARD OF OIL, GAS & MINING

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

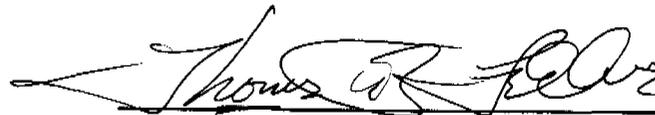
IN THE MATTER OF THE REQUEST)	
FOR AGENCY ACTION OF UNION)	ORDER OF CONTINUANCE
PACIFIC RESOURCES, FOR AN)	
ORDER AMENDING CAUSE NO.)	
189-1 AND RE-ESTABLISHING)	
DRILLING UNIT #3 -- TOWNSHIP)	Docket No. 98-011
5 NORTH, RANGE 8 EAST,)	
S.L.B. & M., SUMMIT COUNTY,)	Cause No. 189-1C
UTAH.)	

On June 10, 1998, the Board of Oil Gas and Mining received Petitioner Union Pacific Resources' Motion for Continuance. This Motion, in accordance with Utah Administrative Rules R641-104-100, R641-105-100 and R641-105-300, requests a continuance from the hearing scheduled for Wednesday, June 24, 1998, until the scheduled hearing for the month of July. Petitioner requires more time to incorporate the interests of the other parties involved in this matter into its presentation. The Board, having considered the Motion, and good cause appearing therefor, hereby grants Union Pacific Resources' Motion for Continuance.

IT IS SO ORDERED.

ENTERED as of this 24 day of June, 1998.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



Thomas B. Faddies
Acting Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER OF CONTINUANCE for Docket No. 98-011, Cause No. 189-1C to be mailed by first-class mail, postage prepaid, this 29 day of June, 1998, to the following:

John S. Kirkham
STOEL RIVES LLP
Attorney for Union Pacific Resources
201 South Main Street, Suite 1100
Salt Lake City, UT 84111-4904

Union Pacific Resources Company
Attention: Chuck Farmer
801 Cherry Street
M.S. 3006
Ft. Worth, TX 76101

Patrick J. O'Hara, Esq.
Assistant Attorney General
160 East 300 South, 5th Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

Royalty Owner

Anschutz Land & Livestock Company
Attention: Ms. Pam Kalstrom
555 - 17th Street, Suite 2400
Denver, CO 80202

Daniel G. Moquin, Esq.
Assistant Attorney General
1594 West North Temple, Suite 300
P.O. Box 140855
Salt Lake City, UT 84114-0855
(Hand Delivered)

Overriding Royalty Owners

Spinnaker Royalty
3738 Oaklawn Avenue
Suite 300
Dallas, TX 75219

Charles W. Farmer
Manager of Oil & Gas Commission Affairs
Union Pacific Resources
Mail Station No. 3006, P.O. Box 7
Fort Worth, TX 76101-0007

Piedmont Minerals Company
5838 South Stanida Circle
Salt Lake City, UT 84121

Working Interest Owners

Anschutz Overthrust Corporation
c/o The Anschutz Corporation
Attention: Ms. Pam Kalstrom
555 - 17th Street, Suite 2400
Denver, CO 80202

Reversionary Interest

Hugh C. Brady as Trustee of the
Fred B. Anschutz Trust for Benefit
of Sue Anschutz Rodgers and Issue
c/o The Anschutz Corporation
Attention: Pam Kalstrom
555 - 17th Street, Suite 2400
Denver, CO 80202

Antelope Company
Attention: Ms. Pam Kalstrom
555 - 17th Street, Suite 2400
Denver, CO 80202