

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

In the Matter of the Application)	
of MCOR OIL & GAS CORPORATION)	
for an Order Establishing 80-Acre)	ORDER
Drilling and Spacing Units for)	CAUSE NO. 188-1
Lands in the Squaw Canyon Area,)	
San Juan County, Utah)	

This Cause came on regularly for hearing before the Board of Oil, Gas, and Mining on Wednesday, November 19, 1980, at 9:00 a.m., in the Wildlife Resources Auditorium, 1596 West North Temple, Salt Lake City, Utah pursuant to an Order to Show Cause why the Temporary Order entered in this matter on October 23, 1980, should not be made permanent. The following Board Members were present:

Charles R. Henderson, Chairman Presiding
John L. Bell
Thadis W. Box
C. Ray Julevin
E. Steel McIntyre
Edward T. Beck
Maxilian A. Farbman

Appearance was made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall & McCarthy for and on behalf of the Applicant, MCOR Oil & Gas Corporation. Maxilian A. Farbman disqualified himself in this matter.

NOW THEREFORE, the Board, having fully considered the testimony adduced and the exhibits received at the hearing

of October 23, 1980, and being fully advised in the premises, now makes and enters its Findings of Fact and permanent Order as follows:

FINDINGS OF FACT

1. This matter came on regularly for hearing before the Board on October 23, 1980, at 10:00 a.m. in the Wildlife Resources Auditorium, 1596 West North Temple, Salt Lake City, Utah.

2. Public notice of said October 23, 1980 hearing was not published as required by law.

3. Appearance for and in behalf of the Applicant, MCOR Oil & Gas Corporation was made by Phillip Wm. Lear of Van Cott, Bagley, Cornwall & McCarthy. No other appearances by interested parties were made either individually or as represented by counsel.

4. The Board entered its Temporary Order effective October 23, 1980, granting the Amended Application, subject to future objections being filed pursuant to an Order to Show Cause.

5. On October 29, 1980, the Board issued its Order to Show Cause why its Temporary Order entered on October 23, 1980, pursuant to the Amended Application and hearing in this matter should not be made permanent and allowing any and all parties interested therein to file objections to said Temporary Order of October 23, 1980, by notifying the Division of Oil, Gas, and Mining before Monday, November 17, 1980, of said objections and appearing thereafter on Wednesday, November 19, 1980, at 9:00 a.m. to publically state said objections and to establish cause.

6. Due and regular notice of the time, place, and purpose of this November 16, 1980 hearing was given to all interested parties in the form and manner and within the time required by law and the rules and regulations of the Board.

7. No objections were received and no appearances were made entering objections to the Amended Application or to the Temporary Order.

8. The Board of Oil, Gas, and Mining has jurisdiction over all matters covered by said Amended Application and over all parties interested therein and has the power and authority to make and promulgate the order hereinafter set forth.

9. Applicant owns working interests and operating rights within the areas sought to be spaced.

10. Applicant has successfully drilled, tested, and produced the Federal 1-19 Well from the Desert Creek formation. That well is located 1,720 feet from the north line and 1,300 feet from the east line in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 19 of Township 38 South, Range 26 East, SLM.

11. Geological and engineering data obtained from drilling and development operations, related technical studies conducted in the Squaw Canyon Area of San Juan County, Utah, within and beyond the area affected by the Amended Application, and the position of the existing producing well indicates that the lands to be spaced should be as follows:

Township 38 South, Range 26 East, SLM

Section 18: All
Section 19: All
Section 20: W $\frac{1}{2}$

Said lands are underlain by a common source of supply from which oil, gas, and associated hydrocarbons can be produced from the Desert Creek formation.

12. Prior to the entry of the Board's Temporary Order dated October 23, 1980, the lands were spaced under authority of field rule C-3 of the Rules and Regulations of the Commission providing for 640 acre spacing for gas wells and forty acre spacing for oil wells.

13. The interval to be spaced is defined as being the Desert Creek formation, a definite and easily-identifiable stratigraphic horizon throughout the entire area which is customarily drilled and explored for oil and/or gas potential.

14. Drilling and spacing units for the development of the subject lands and interval should be comprised of eighty acres. Those units should consist of the $W\frac{1}{2}$ and $E\frac{1}{2}$ of each public land survey quarter-section with the permitted wells for each such drilling and spacing unit located in the center of the $NW\frac{1}{4}$ and the center of the $SE\frac{1}{4}$ of each quarter section and allowing for a tolerance of 200 feet from the center of such designated quarter-quarter section.

15. Applicant proposed an exception location for its existing Federal 1-19 Well in the $SE\frac{1}{4}NE\frac{1}{4}$ of Section 19, Township 38 South, Range 26 East, SLM.

16. Granting of administrative approval shall be had for exception well locations due to topography, without necessity for a full hearing before the Board of Oil, Gas, and Mining.

17. In order to permit orderly and uniform well spacing and development within the field, to prevent waste and to

avoid the drilling of unnecessary wells, to protect correlative rights and to achieve the greatest possible economic recovery of oil, gas, and associated hydrocarbons, only one producing well drilled into the spaced interval should be permitted within each NW $\frac{1}{4}$ or SE $\frac{1}{4}$ of the respective drilling and spacing units sought under the Amended Application.

ORDER

IT IS THEREFORE ORDERED that the Temporary Order entered October 23, 1980, be made permanent as follows:

1. The lands situated in the Squaw Canyon Area of San Juan County, Utah, known and believed to be underlain by a common source of supply from which oil, gas, and associated hydrocarbons can be produced from the Desert Creek formation are as follows:

Township 38 South, Range 26 East, SLM

Section 18: All
Section 19: All
Section 20: W $\frac{1}{2}$

Eighty acre drilling and spacing units consisting of the W $\frac{1}{2}$ and E $\frac{1}{2}$ of each public land survey quarter section are hereby permanently established for the development and production of oil, gas, and associated hydrocarbons from the Desert Creek formation underlying said lands.

3. The location for each permitted well shall be in the center of the NW $\frac{1}{4}$ and the center of the SE $\frac{1}{4}$ of each quarter section with a tolerance of 200 feet from the center of such designated quarter-quarter section.

4. An exception from the ordinary well location is allowed for the Federal 1-19 Well located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of

Section 19, Township 38 South, Range 26 East, SLM, which is designated the drilling unit well for the E $\frac{1}{2}$ and NE $\frac{1}{4}$ of said Section 19.

5. Exceptions from the ordinary well locations are hereby allowed by administrative action where the topography would so justify, without necessity for a full hearing before the Board.

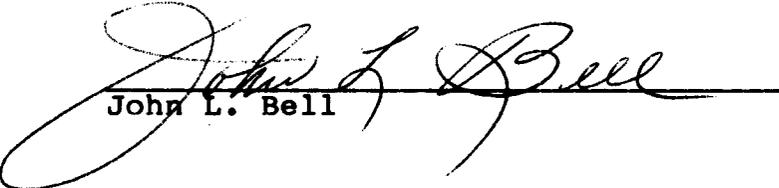
6. The Applicant, MCOR Oil & Gas Corporation is ordered to appear before this Board on its regular hearing date in April, 1981, for the purpose of presenting current reservoir pressuring data.

7. The Board retains continuing jurisdiction over all matters covered by this Order and all other applicable orders and over all parties affected thereby and retains and reserves continuing jurisdiction to make further orders as it deems appropriate and is authorized by the statutes and applicable regulations.

ENTERED this 19th day of November, 1980.

BOARD OF OIL, GAS, AND MINING

Charles R. Henderson, Chairman



John L. Bell

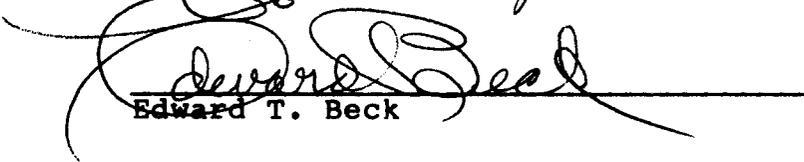
Thadis W. Box



C. Ray Julevin



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