
**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 ANADARKO)
PETROLEUM CORPORATION FOR AN)
ORDER ESTABLISHING 160-ACRE)
DRILLING AND SPACING UNITS)
FOR THE PRODUCTION OF GAS)
(INCLUDING COALBED METHANE))
FROM THE FERRON FORMATION IN)
ALL OR PART OF SECTIONS 20-29)
AND 32-36, T13S, R10E, AND)
ALL OR PART OF SECTIONS 1-6)
AND 8-11, T14S, R10E, SLM,)
CARBON COUNTY, UTAH.)

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

Docket No. 97-023

Cause No. 241-1

Pursuant to the October 20, 1997 Request for Agency Action ("Petition") of Anadarko Petroleum Corporation ("Petitioner"), this cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, December 10, 1997, at the hour of 10:00 a.m. The following Board members, constituting a quorum, were present and participated at the hearing:

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

Attending and participating on behalf of the Division of Oil, Gas and Mining (the "Division") were Lowell Braxton, Acting Director; John Baza, Associate Director; and Brad Hill, Geologist.

The Division was represented by Daniel G. Moquin, Assistant Attorney General. Counsel to the Board was Patrick J. O'Hara, Assistant Attorney General.

The United States Bureau of Land Management ("BLM") was represented by Robert Henricks and Assad Raffoul from the Utah State Office. The Utah School and Institutional Trust Lands Administration ("SITLA") was represented by James Cooper.

Testifying on behalf of Petitioner were Stephen K. Ruhl, Senior Staff Geologist, and John H. Beaird III, Reservoir Engineering Supervisor. The Petitioner was represented by Clayton J. Parr and Daniel A. Jensen of Parr, Waddoups, Brown, Gee & Loveless.

The Division, the BLM and SITLA made statements in support of the Petition. No statements were made in opposition to the Petition.

The Board having considered the testimony presented and the exhibits received at the hearing, being fully advised, and for good cause appearing, hereby makes and enters the following Findings of Fact, Conclusions of Law, and Order.

FINDINGS OF FACT

1. The Petition seeks an order establishing 160-acre drilling and spacing units for the production of gas, including but not limited to coalbed methane, from the Ferron Formation in the following-described lands (the "Subject Lands"):

T13S, R10E, SLM, Carbon County, Utah

Section 20: S $\frac{1}{2}$
Section 21: S $\frac{1}{2}$
Section 22: N $\frac{1}{2}$, SE $\frac{1}{4}$, Lots 1-4 [All]
Section 23: All
Section 24: Lots 1-16 [All]
Section 25: Lots 1-16 [All]
Section 26: All
Section 27: E $\frac{1}{2}$, Lots 1-8 [All]
Section 28: All
Section 29: All
Section 32: All
Section 33: All
Section 34: SW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, Lots 1-8 [All]
Section 35: E $\frac{1}{2}$, N $\frac{1}{2}$ NW $\frac{1}{4}$, Lots 1-6 [All]
Section 36: All

T14S, R10E, SLM, Carbon County, Utah

Section 1: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, Lots 1-4 [All]
Section 2: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, Lots 1-4 [All]
Section 3: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, Lots 1-4 [All]
Section 4: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, Lots 1-4 [All]
Section 5: S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$, Lots 1-4 [All]
Section 6: S $\frac{1}{2}$ NE $\frac{1}{4}$, Lots 1-2
Section 8: N $\frac{1}{2}$, SE $\frac{1}{4}$
Section 9: W $\frac{1}{2}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, Lots 4-29 [All]
Section 10: All
Section 11: All

2. For purposes of this Petition, the Ferron Formation is defined as the stratigraphic equivalent of the interval from 1,968 feet below the surface to 2,214 feet below the surface as shown in the density log for the Birch A-1 well located in the SW $\frac{1}{4}$ of Section 5, T14S, R10E, SLM.

3. Petitioner is a Delaware corporation in good standing and authorized to conduct business in the State of Utah.

4. Petitioner is an operating rights owner in the Subject Lands as well as in other adjacent lands.

5. Petitioner has drilled, completed and operated several wells within the Subject Lands for the purpose of producing coalbed methane from the Ferron Formation, and intends to drill, complete and operate additional wells within the Subject Lands for the same purpose.

6. The Ferron Formation, including all coal and surrounding sands, constitutes one pool for gas contained within the Subject Lands, and one well will efficiently and economically drain 160 acres in that pool. The Subject Lands are not currently subject to any spacing order by this Board.

7. The establishment of 160-acre drilling and spacing units within the Subject Lands will allow for the orderly development of the Subject Lands, prevent waste in the drilling of unnecessary wells, adequately protect the correlative rights of all affected parties, and result in the greatest recovery of hydrocarbon substances, and is just and reasonable under the circumstances.

8. Each such unit should comprise a governmental quarter section (e.g. NE $\frac{1}{4}$) or equivalent lots, and the permitted well for each such unit should be located no closer than 920 feet from other wells completed and producing from the Ferron Formation and no closer than 460 feet from the outer boundary of the 160-acre drilling and spacing unit, except as may otherwise be permitted by administrative action for topographic or geologic reasons.

CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and purpose of the hearing on this Petition was given to all interested owners in the form and manner required by law and the rules of the Board. The Petition was properly before the Board at the hearing.

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

3. The Petition should be granted.

ORDER

After considering the testimony and evidence presented at the hearing along with the comments received from the representatives of the Division, the BLM and SITLA, the Board, having made the foregoing Findings of Fact and Conclusions of Law, now enters the following Order:

A. The Petitioner's Request for Agency Action is granted.

B. 160-acre drilling and spacing units are hereby established for the Subject Lands (as defined herein) for the production of gas, including but not limited to coalbed methane, from the Ferron Formation (as defined herein) including all coals and surrounding sands.

C. Each such unit shall comprise a governmental quarter section (e.g. NE $\frac{1}{4}$) or equivalent lots, and the permitted well for each such unit shall be located no closer than 920 feet from other

wells completed and producing from the Ferron Formation and no closer than 460 feet from the outer boundary of the 160-acre drilling and spacing unit, unless otherwise permitted by administrative action approved by the Division of Oil, Gas & Mining in compliance with Utah Administrative Code R649-3-3 (rule governing "Exception to Location and Siting of Wells").

D. 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.

E. This Findings of Fact, Conclusion 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.

F. 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 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.

G. 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.

H. 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 2nd day of January, 1998.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING

By


Dave B. Lauriski, Chairman

CERTIFICATE OF SERVICE

I hereby certify that I caused to be mailed, postage prepaid, a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER for Docket No. 97-023, Cause No. 241-1, this 2nd day of January, 1998, to the following:

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