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Incoming

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OGMCOAL - Incoming task 3496

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From: Ingrid Wieser
To: OGMCOAL
Date: 3/24/2010 11:19 AM
Subject: Incoming task 3496
Attachments: Drunkards Wash Unavoidable Delay 10.26.2009-1.pdf

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
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<http://www.blm.gov>



MC 10/26/2009

IN REPLY REFER TO:
3160
(U-922)

October 26, 2009

ConocoPhillips Company
3300 North "A" Street, Bldg. 6
Midland, TX 79705
Attn: Justin K. Williams

Re: Drunkards Wash Unit
Carbon and Emery Counties, Utah

Gentlemen:

We have received your amended 2009 Plan of Development for the Drunkards Wash Unit dated October 19, 2009 referencing and supplementing your August 11, 2009 request for recognition of an "Unavoidable Delay" pursuant to Section 25 of the Drunkards Wash Unit Agreement.

The request is necessitated by the requirements outlined in the preliminary approval of the 9th expansion of the Drunkards Wash Unit Area which states:

"The expansion of the Drunkards Wash Unit will provide for a one well obligation to be drilled to penetrate the upper 100 feet of the Tununk Shale member of the Mancos Shale formation and located in the NW $\frac{1}{4}$ of Section 15, Township 15 South, Range 8 East., SLM&B. Said well must be completed prior to January 1, 2009 or this expansion will be declared invalid *ab initio*.

Regardless of the outcome of the fore mentioned well, two wells must be completed on unitized lands not entitled to participation each calendar year commencing January 1, 2008. Should the unit operator fail to complete said wells, all legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular surveys, unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are in or entitled to be in a participating area on or before the first day of the calendar year following the default, shall be eliminated automatically from this agreement effective the first day of the calendar year following the default.

Also, unit operator has agreed that a well will be completed on State Lease ML-46105 prior to January 1, 2010 or said lease shall be eliminated automatically from this agreement effective January 1, 2010."

Your request is hereby approved.

Due to the recognized unavoidable delay, the requirements of the 2009 obligation wells are deferred until the end of calendar year 2010. In order to prevent the automatic contraction of the Drunkards Wash Unit Area, unit operator must drill and complete two wells in calendar year 2010.

One of the wells will be the 16-527 located on Utah School Institutional Trust Lands Administration lease ML-46105. The well shall be located in the NE¼ of Section 16, Township 15 South, Range 8 East, Carbon County, Utah.

The other well will be the 15-528D located on Federal Lease UTU60402. The producing interval and bottomhole location of this well shall be located in the SW¼ of section 15, Township 15 South, Range 8 East, Carbon County, Utah.

You are still required to complete an additional two wells on unitized lands not entitled to participation each calendar year after December 31, 2010 to avoid the automatic contraction of the unit area.

Your continued cooperation in this matter is greatly appreciated. If you have any questions please contact Mickey Coulthard of this office at (801) 539-4042.

Sincerely,

/s/ Becky J. Hammond

Becky J. Hammond
Chief, Branch of Fluid Minerals

bcc: FOM Price
Drunkards Wash Unit File
SITLA
Central Files
Agr. Sec. Chron.
Fluid Chron
Ticker (December 2010)

MCoulthard:mc:10-26-09