

DECEMBER 04, 2013 BRIEFING SESSION MINUTES
OF THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH



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A public meeting will be held on Wednesday, December 04, 2013, in room 210 at the Utah State Capitol Complex – East Building, 410 North State Street, Salt Lake City, Utah.

ATTENDEES:

BOARD MEMBERS:

Ruland Gill, Board Chair
Kelly Payne, Vice-Chair
Susan S. Davis, BOGM
Mike R. Brown, BOGM - Excused
Carl Kendell, BOGM
Chris Hansen, BOGM

Julie Ann Carter, Board Sec.
Brad Hill, Permit Manager, Oil & Gas
Clinton Dworshak, Hearings & Enf.
Dustin Doucet, Petroleum Engineer
Randy Thackeray
Susan White
Leslie Heppler
Lucia Malin
Lisha Cordova
Paul Baker, Mining Permit Manager
Rachel Medina
Emily Berry

DIVISION:

Mike Johnson, AAG, BOGM
Steve Alder, AAG, Division
Douglas Crapo, AAG, Division
Kass Wallin, AAG, Division
John Baza, Director
Gibson Peters, Governor's Energy Office
Earlene Russell, Admin. Assistant
Jim Springer, PIO
Dana Dean, Assoc. Dir. Minerals
Steve Schneider, Admin. Policy Coord.

Members of the Public:

Sandi Mitchell, Anadarko
Ryan Abeloe, Anadarko
Brooke Bell, Anadarko
Boyd Dansie, Landowner
Rod Dansie, brother of Boyd Dansie, and
Board of Directors of the Herriman
Irrigation Company

The Board Chairman, Ruland J. Gill, Jr., called the meeting to order at 8:00 a.m. John R. Baza, Director, conducted the Briefing Session.

The Division of Oil, Gas, and Mining will conduct a briefing session at 8:00 a.m.:

1. Anadarko Presentation on GIS Efficiencies

Ms. Sandi Mitchell and Mr. Ryan Abeloe, Anadarko, gave a presentation on GIS efficiencies. GIS stands for geophysical information systems. GIS information can be accessed on the web. Anadarko uses their 3D GIS system for planning purposes. This allows them to complete permits and plans from the office without spending as much manpower out in the field.

2. Report on the Annual IOGCC Meeting – John R. Baza

Mr. John Baza, Director, gave a report on the recent IOGCC meeting. There has been tremendous activity centered around horizontal drilling and hydraulic fracturing. These are technologies that have traditionally not been used, but the use of these technologies has increased oil and gas production across the nation. America's oil and gas production now rivals the Middle East.

3. Report on the Annual IMCC Meeting – Dana Dean

Ms. Dana Dean, Associate Director, Mining, gave a presentation on the recent IMCC meeting. Federal budget cuts are impacting all of the States. OGM recently cut one position in the coal program to meet the budget. The EPA is working to control over oversight of States' mining programs. The IMCC went before a Federal board on behalf of the States. The States feel OSM is over regulating the Mining industry and has been taking punitive action. IMCC has formed a committee to work with OSM to help the States rather than hinder them. As a result OSM has become more willing to work with the States.

4. Other

Introduction of New Employees:

- Mr. Gordon Brown - Gordon is a new employee in the accounting program. He is the Federal Grants Coordinator.

Draft Internal Policy on Sage Grouse

- The draft policy was presented to the Board at last month's Board meeting. The Division has not received comments from the Board. Mr. Baza would like to implement this new policy during the first of the year. If the Board has comments please pass them on to Mr. Baza soon.

5. Next Month's Agenda and Division Calendar

The Division's Holiday Luncheon is on December 19. The Board is invited to attend and socialize with the Division staff.

6. Opportunity for Public Comment

Comments by Mr. Boyd Dansie, Landowner:

Mr. Boyd Dansie gave a presented his view of issues regarding mine waste overflows from the Kennecott Mine onto his family's farmland. Mr. Kelly Payne, OGM Board member, and Kennecott employee, excused himself from the room during the presentation due to conflict of interest.

Mine waste over flows the mine waste water containment system during storm events, flows down Butterfield Creek, and onto Mr. Dansie's farmland. Arsenic and lead contamination have reached toxic levels such that he can no longer farm the land. Approximately 50 acres have been contaminated. The Dansie family has met with Kennecott officials over the course of 17 years, with Oil, Gas, and Mining officials, and the EPA.

The Dansie's request that Kennecott be held accountable to clean up the contamination, thereby freeing the Dansie's from institutional controls placed on their farmland due to toxic waste, and to protect human health from the toxic levels of mine waste. Mr. Dansie requested that the Division no longer approve permits for Kennecott until they submit a plan to mitigate the contamination, prevent further mine waste overflows, and complete cleanup of the Dansie's farm.

The Board decided to take the matter under advisement, and will get in touch with Mr. Dansie at a later time.

Comments by Mr. Rod Dansie, Herriman Irrigation Company:

Mr. Rod Dansie, brother of Mr. Boyd Dansie, and Board of Directors of the Herriman Irrigation Company, gave a presentation regarding water contamination issues. The irrigation company estimates there has been hundreds of millions of dollars in damage that is not being repaired. Kennecott is working with the City of Herriman to clean up the waste, but so far clean up has not occurred.

The Board will discuss the matter with the Division.

The Board Chairman, Ruland J. Gill, Jr., adjourned the Briefing Session at 9:18 a.m. The formal portion of the meeting will begin at 9:30 a.m.

The Board will hear the following matters at 9:00 am:

Please note: Transcripts of the formal items will be available for review at the Division offices approximately fifteen business days after the hearing date. Copies of individual transcripts may be purchased by calling Atkinson-Baker at (800) 288-3376 and requesting Job No. A70ACD3, and the individual docket number.

1. [Docket No. 2009-015 Cause No. WD-04-2009](#) – In the Matter of the Request for Agency Action of Utah Division of Oil, Gas, and Mining for a Cessation Order and Civil Penalties Against Montezuma Well Service, Inc., and Earl Martinez, Owner and Operator of the Montezuma Creek Waste Disposal Facility Section 14, T 40 So., R. 22 East, San Juan County, Utah.

(Continued from the October 23, 2013, Board Hearing)

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, and Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Steven F. Alder, Assistant Attorney General, Natural Resources.
Witnesses: Lisha Cordova, and Brad Hill

Counsel for the Respondent – None present

The Division filed a report regarding this matter in October. This is a regulatory matter and will be ongoing. Unless the Board has questions on the report, the Division requests that the Board continue the matter to the August 2014 Board hearing.

2. [Docket No. 2011-018 Cause No. 250-02](#) – Notice of Agency Action for an Order Requiring MARION ENERGY to plug and reclaim wells; or Forfeit Surety Bond and Authorize the Division to Plug and Reclaim wells located in Townships 13 and 14 South, Range 7 East, Carbon County, Utah.

(Continued from the October 23, 2013, Board Hearing)

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner – Michael J. Malmquist, Parsons Behle & Latimer.

Counsel for the Division - Steven F. Alder, Assistant Attorney General, Natural Resources.

A stipulated agreement and proposed order has been filed in this matter. The Board granted a motion to sign the Order by unanimous vote. The Board Chairman signed the order, and continued the matter to the January Board hearing as requested.

3. [Docket No. 2013-017 Cause No. 259-03](#) – In the Matter of the Request for Agency Action of QEP ENERGY COMPANY for an Order authorizing the flaring of gas in excess of the amounts allowed under Utah Admin. Code Rule R649-3-20(1.1) from a total of six wells located within Township 10 South, Ranges 17 and 18 East, Duchesne and Uintah Counties, Utah.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Bill Ward, Holland and Hart.

Counsel for the Division - Kass Wallin, Assistant Attorney General, Natural Resources.

Witness: Dustin Doucet.

QEP requested that the Board extend the November 1, 2013, Order Granting Temporary Relief for another month because the pipeline is not finished. The Board determined that QEP's appearance before the board met the contingencies as required by the Order, and requested that QEP report back when the pipeline is completed.

4. [Docket No. 2013-026 Cause No. 131-134](#) – In the Matter of the Petition by the Division of Oil, Gas and Mining for an Order: (1) Forfeiting to the Division Homeland’s bond associated with the Brown 3-2 well; (2) Authorizing the Division to complete plugging and reclamation of the Brown 3-2 well and the lands affected by the well; (3) Authorizing the Division to take other action necessary to recover from Homeland any and all costs associated with the plugging and reclamation of the Brown 3-2 well; and (4) Ordering Homeland to establish new bond coverage for its remaining wells in the State of Utah.

(Continued from the October 23, 2013, Board Hearing)

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Kass Wallin, Assistant Attorney General, Natural Resources.
Witness: Dustin Doucet, Brad Hill.

Counsel for the Respondent - None present.

The Division requested that this matter be continued to the January 22 Board Hearing. The Board granted the Motion to Continue.

5. [Docket No. 2013-031 Cause No. 127-06](#) – In the Matter of the Request for Agency Action of SUMMIT OPERATING, LLC, for an Order modifying the Board’s Order in Cause No. 127-4 to allow the drilling of additional wells for an equivalent 40-acre well density pattern in the E½NW¼, SW¼ and W½SE¼ of Section 33, Township 6 South, Range 21 East, SLM, Uintah County, Utah.

(Continued from the October 23, 2013, Board Hearing)

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Chris D. Hansen, Susan S. Davis. Carl F. Kendell was recused for conflict of interest. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Relma Miller, McDonald & Miller Mineral Legal Services, PLLC.
Witnesses: Larry R. Williams, Crystal Hammer, Ellis Peterson, Zachary Archer

Counsel for the Division - Douglas Crapo, Assistant Attorney General, Natural Resources.
Witnesses: Dustin Doucet, Clinton Dworshak, Brad Hill

The Board granted the relief as request, with Mr. Crapo’s stipulation included, by unanimous vote. Relma Miller will prepare the order.

6. [Docket No. 2013-032 Cause No. UIC-411.1](#) – In the Matter of the Request for Agency Action of FINLEY RESOURCES, INC. for an Order approving the Ute 13-1C well located in the NE¼NE¼ of Section 13, Township 4 South, Range 1 East, USM, Uintah County, Utah, as a Class II Injection well.

(This Matter has been Withdrawn.)

This matter is withdrawn.

7. [Docket No. 2013-034 Cause No. 131-136](#) – In the Matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORP. for an Order extending the Board's Orders entered in Cause Nos. 131-14 and 131-24 to establish sectional (640 - acre or substantial equivalent) drilling units and to authorize up to 16 producing wells per drilling unit so established for the production of oil, gas and associated hydrocarbons from the Lower Green River and Wasatch Formations underlying the Randlett Area, comprised of various Sections within Townships 3 South, Ranges 1 and 2 East, USM, and Township 4 South, Range 2 East, USM, Uintah County, Utah.

This matter is continued to the January hearing.

8. [Docket No. 2013-036 Cause No. 139-113](#) – In the Matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an Order modifying the Board's Orders entered in Cause Nos. 131-51 and 139-90 to establish special conditional 1,280-acre (or substantial equivalent) drilling units for the production of oil, gas and associated hydrocarbons from the Uteland Butte Member of the Lower Green River Formation, comprised of Sections 17 and 20, Township 3 South, Range 1 West, USM, Sections 2 and 11, Sections 3 and 10, Sections 6 and 7, Sections 14 and 23, and Sections 16 and 21, Township 3 South, Range 2 West, USM, and Sections 14 and 23, Township 3 South, Range 3 West, USM, Duchesne County, Utah, and to allow, on a pilot basis, the drilling and production of up to seven (7) horizontal wells on each special conditional drilling unit so established.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Fred MacDonald, McDonald & Miller Mineral Legal Services, PLLC. Witnesses: Roxann Eveland, Zac Gonsier, and Mike Jensen

Counsel for the Respondent, Robert C. Bonnet, Gary A Bonnet, Larry W. Love, and Gary A. Bonnet, as Independent Administrator of the Estate of Stephen K. Bonnet - Artemis Vamianakis - Fabian & Clenden

Counsel for the Division - Steven F. Alder, Assistant Attorney General, Natural Resources. Witnesses: Dustin Doucet, Clinton Dworshak, and Brad Hill

The Board took the matter under advisement. The Board will issue a Minute Entry at a later date. After the Minute Entry is filed, Fred MacDonald will prepare the Order.

9. [Docket No. 2013-035 Cause No. 139-112](#) – In the Matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an Order granting an Exception Location for the Fausett 4-13-3-2WH horizontal well located in Sections 12 and 13, Township 3 South, Range 2 West, USM, Duchesne County, Utah.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Fred MacDonald, McDonald & Miller Mineral Legal Services, PLLC. Witnesses: Roxann Eveland, Mike Jensen

Counsel for the Division - Kass Wallin, Assistant Attorney General, Natural Resources. Witnesses: Dustin Doucet, Clinton Dworshak, Brad Hill

The Board granted the Request as written by unanimous vote. Fred MacDonald will prepare the Order.

10. [Docket No. 2013-037 Cause No. 269-02](#) – In the Matter of the Request for Agency Action of WOLVERINE GAS AND OIL COMPANY OF UTAH, LLC for an Order: (1) Approving the conversion of the Providence Federal 24-4 Well, located in the SW¼SW¼ of Section 24, Township 20 South, Range 1 East, SLM, Sanpete County, Utah, to a Class II Injection Well for Enhanced Recovery; and (2) Approving and certifying the initial Providence Participating Area of the Wolverine Unit, comprised of portions of Sections 13 and 23-26 of Township 20 South, Range 1 East, SLM, Sanpete County, Utah, as an Enhanced Recovery Project.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Carl F. Kendell, Chris D. Hansen, Susan S. Davis. Michael R. Brown was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Petitioner - Fred MacDonald, McDonald & Miller Mineral Legal Services, PLLC. Witnesses: Sue Benson, Thomas W. Zadick, Ronald W. Meredith

Counsel for the Division - Douglas Crapo, Assistant Attorney General, Natural Resources. Witnesses: Dustin Doucet, Clinton Dworshak, and Brad Hill

The Board approved the application as written by unanimous vote. Fred MacDonald will prepare the Order.

11. [Docket No. 2013-038 Cause No. S/039/0020](#) –In the Matter of the Petition by the Division of Oil, Gas and Mining for an Order: (1) Withdrawing Bryce H. Haas’s Notice of Intention to Commence Small Mining Operations at the B&H Quarry, S/039/0020, located in portions of the east half of Section 5, Township 20 South, Range 2 East, SLBM, Sanpete County, Utah; (2) Forfeiting Bryce H. Haas’s surety for the B&H Quarry; (3) Authorizing the Division to complete reclamation at the B&H Quarry; and Granting such further relief as the Board may deem just and reasonable under the circumstances.

This matter is continued to the January hearing.