

**JANUARY 22, 2014 MEETING 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, January 22, 2014, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

**ATTENDEES:**

**BOARD MEMBERS:**

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

Jim Springer, PIO  
Dana Dean, Assoc. Dir. Minerals  
Steve Schneider, Admin. Policy Coord.  
Julie Ann Carter, Board Sec.  
Brad Hill, Permit Manager, Oil & Gas  
Clinton Dworshak, Hearings & Enf.  
Dustin Doucet, Petroleum Engineer  
Randy Thackeray  
Susan White  
Jan Morse

**DIVISION:**

Mike Johnson, AAG, BOGM  
Douglas J. Crapo, AAG, BOGM  
Steven F. Alder, AAG, Division  
Kassidy J. Wallin, AAG, Division  
John R. Baza, Director  
Earlene Russell, Admin. Assistant

**BUREAU OF LAND MANAGEMENT:**

Michael Coulthard, Salt Lake City Field Office  
Jerry Kencza, Vernal Field Office

The Board Chairman, Ruland J. Gill, Jr., called the meeting to order at 8:04 a.m. John R. Baza, Director, Division of Oil, Gas, and Mining, conducted the Briefing Session.

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

1. Earth Day Awards Overview

Mr. John Baza gave an update on Earth Day Award nominations. The Division is currently accepting nominations for Earth Day Awards through the end of January, 2014. The nominations will be reviewed by the Board at the February Board meeting.

2. Proposed Field Trips

Mr. John Baza, proposed that the Board take a field trip in May to Tooele County to see both active and abandoned mines in that area. The May hearing would be held in Salt Lake City. The fall field trip would be to the Uintah Basin to see a disposal facility, a modern drilling rig, and the Utah State Bingham Research Center in Vernal. The Board approved the proposed field trips.

3. Legislative Update

Mr. Steve Schneider, Admin. Policy Coordinator, Division of Oil, Gas, and Mining, gave an update on Legislative activities. The Legislative Session starts in January and ends in March. The Division is not requesting any bills this year. A key issue for the state this year is the

budget. The Legislature plans to have the base budgets approved by the second week of the session. Key energy and mineral bills we are looking at include: a severance tax amendment bill; a bill to allow a city or county to impose a severance tax on sand and gravel; HB 229 to modify the EPA's air contaminant code; a bill to establish a fund to study threatened and endangered species, and air quality matters, pay for possible legal challenges and an amendment to Title 40 on the pooling statute. Administrative bills we are watching include a bill regarding public records access, and a bill regarding rule-making.

4. Other

- John Rogers is attending the GWP meeting and is out of the state today.
- The Division has received current reports regarding water management at the Crandall Canyon Mine. The iron content is on the decline.
- Susan White is working on an internal policy on Sage Grouse.
- Late last month the Governor's office selected a new board member. The Senate will review the candidate and confirm the new person, but we have to wait for the Senate to confirm that appointment.

5. Next Month's Agenda and Division Calendar

- The Legislature commences next Monday morning and goes for 45 days through March 13.
- Bowie Resources is having an environmental and safety meeting in Grand Junction next week. Ms. Dana Dean, Associate Director, Mining, will attend the meeting.

6. Opportunity for Public Comment

There were no comments.

The Board Chairman, Ruland J. Gill, Jr., adjourned the Briefing Session at 8:31 a.m. The formal portion of the meeting will begin at 9:00 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. A70ACA3, and the individual docket number.*

1. [Docket No. 2009-019 Cause No. C/025/0005](#) – In the Matter of the Request for Agency Action of Utah Chapter of the Sierra Club, Southern Utah Wilderness Alliance, Natural Resources Defense Council, and National Parks Conservation Association, Petitioners; Division of Oil, Gas and Mining, Respondent – Request for Board Review of the Division's October 19, 2009 approval of the Application of Alton Coal Development, LLC to Conduct Surface Coal Mining and Reclamation Operations in Coal Hollow, Kane County, Utah.

*(The Board will hear argument on the extent of discovery allowed in the attorneys fees claim by Alton against Sierra Club, et al.)*

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

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

Counsel for the Petitioner - Bennet E. Bayer, Landrum & Shouse, Denise A. Dragoo, and James P. Allen, Snell and Wilmer, Attorneys for Alton Coal Development, LLC.

Counsel for the Respondent - Michael E. Wall, and Stephen H.M. Bloch, Attorneys for the Sierra Club et al.

Counsel for the Division - Kassidy J. Wallin, and Steven F. Alder, Assistant Attorneys General, Natural Resources.

The Board heard arguments regarding the extent of discovery to allow. The Board took the matter under advisement and will either do a Minute Entry or an Order to Proceed.

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 December 04, 2013, Board Hearing)*

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

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

Counsel for Marion Energy - Michael J. Malmquist, Parsons Behle & Latimer.

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

A good faith attempt has been made to have the Utah Fuels #8 Well either plugged or producing. There have been delays due to the weather. Marion requests that the matter be continued to February. The Division agrees with the request. The Board granted the motion to continue to February to allow workover of the well.

3. [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 December 4, 2013, Board Hearing)*

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

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

Counsel for Homeland - Thomas W. Clawson, Van Cott, Bagley, Cornwall & McCarthy

Counsel for the Division - Kassidy J. Wallin, Assistant Attorney General, Natural Resources, Witnesses: Clint Dworshak and Dustin Doucet.

The Division made a motion to continue to February. Homeland has agreed to repair the wellbore and isolate the critical zone. They agree with the Division's motion to continue. The Board granted the motion to continue to February.

4. [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.

*(Continued from the December 4, 2013, Board Hearing)*

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

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

Counsel for Crescent Point Energy U.S. Corp. - Frederick M. MacDonald, Esq., MacDonald & Miller Mineral Legal Services, PLLC. Witnesses: Ryan W. Waller, Chris Sutton, and Katie Matthews.

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

Representing the Bureau of Land Management - Michael Coulthard, Petroleum Engineer, Salt Lake City Office, and Jerry Kenczka, Vernal Field Office.

The Board took the matter under advisement.

5. [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.

(Continued from the December 4, 2013, Board Hearing)

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

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

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

This matter has been continued to the February hearing.

6. [Docket No. 2014-001 Cause No. 243-12](#) – In the Matter of the Request for Agency Action of CONOCOPHILLIPS COMPANY for an Order establishing a 160-acre drilling and spacing unit for the production of gas (including coalbed methane) from the Ferron Formation in the SE¼ of Section 9, Township 15 South, Range 8 East, SLM, Carbon County, Utah.

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

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

Counsel for ConocoPhillips Company - Relma M. Miller, Esq., MacDonald & Miller Mineral Legal Services, PLLC. Witnesses: Jordan M. Zongol, and Thomas W. Zadick.

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

The Board approved the petition as requested by unanimous vote.

7. [Docket No. 2014-002 Cause No. 142-10](#) – In the Matter of the Request for Agency Action of ULTRA RESOURCES, INC. 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 twelve (12) Three Rivers Area wells located in Sections 32 and 36 of Township 7 South, Range 20 East, SLM, and Sections 3, 8, and 16 of Township 8 South, Range 20 East, SLM, Uintah County, Utah.

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

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

Counsel for Ultra Resources, Inc. - Kiersty Loughmiller, Esq., Frederick M. MacDonald, Esq., MacDonald & Miller Mineral Legal Services, PLLC. Witnesses: Ned Higgins, and Jason Gaines.

Counsel for the Division - Cassidy J. Wallin, Assistant Attorneys General, Natural Resources. Witnesses: Clint Dworshak, Dustin Doucet, and Brad Hill.

For the Bureau of Land Management - Jerry Kenczka, Vernal Field Office

The Board denies the request to delegate authority to the Division to authorize flaring, and authorized Ultra to flare until the last day of February, and requiring Ultra to report to the Board at the February Board Hearing. No further flaring would be allowed.

8. [Docket No. 2014-003 Cause No. 245-07](#) – In the Matter of the Request for Agency Action of XTO ENERGY INC. for an Order extending the Board’s Order entered in Cause No. 245-1 To establish a 160-acre drilling unit for the production of gas (including coalbed methane) from the Ferron Formation comprised of the SE¼ of Section 26, T17S, R7E, SLM, Emery County, Utah.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Michael R. Brown, Chris D. Hansen, and Carl F. Kendell. Susan S. Davis was excused at 5:00 p.m.

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

Counsel for XTO Energy, Inc. - Kurt P. Gasser, Esq., Frederick M. MacDonald, Esq., MacDonald & Miller Mineral Legal Services, PLLC. Witnesses: G. Scott Thompson, James M. Kwolek, and George Harold Staus.

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

The Board approved the application as requested by unanimous vote. Susan Davis did not participate in this matter.

9. [Docket No. 2014-004 Cause No. 272-03](#) – In the Matter of the Request for Agency Action of BERRY PETROLEUM COMPANY for an Order establishing 40-acre drilling and spacing units for production of oil and gas from the Green River and Wasatch Formations underlying Sections 5 and 7 in Township 6 South, Range 4 West, USM, Duchesne County, Utah.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Michael R. Brown, Chris D. Hansen, and Carl F. Kendell. Susan S. Davis was excused at 5:00 p.m.

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

This matter is continued to February.

10. [Docket No. 2014-005 Cause No. UIC-362.2-2](#) – In the Matter of the Request for Agency Action of CLEAR CREEK CBM, LLC for approval to inject produced water from the Cook #20-1 Well located in Section 20, Township 13 South, Range 7 East, Carbon County, Utah, into the Alpine School District #3-17 (SWD) Class II Injection Well located in Section 17, Township 13 South, Range 7 East, Carbon County, Utah.

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

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

Counsel for Clear Creek CBM, LLC - Thomas W. Clawson, Van Cott, Bagley, Cornwall & McCarthy. Witnesses: Steve Ault, and Craig Clement.

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

Public Comments were received from the audience from Dave Levanger, Director for Planning, Carbon County, and from George Liodakis, Landowner.

The Board granted the petition as requested by unanimous vote. Tom Clawson will prepare the Order.

11. [Docket No. 2014-006 Cause No. 139-114](#) – In the Matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an Order Pooling all Interests in four drilling units established by The Board's Orders entered in Causes Nos. 131-51, 139-8, and 139-90 in Sections 14, 17, and 23, Township 3 South, Range 2 West, and Section 17, Township 3 South, Range 3 West, U.S.M., Duchesne County, Utah.

*(The Board will consider the recommended findings of fact and conclusions of law generated by the hearing examiner from the January 15, 2014 hearing.)*

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Michael R. Brown, Chris D. Hansen, and Carl F. Kendell. Susan S. Davis was excused at 5:00 p.m.

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

Counsel for Newfield Production Company - Thomas W. Clawson, Van Cott, Bagley, Cornwall & McCarthy.

Counsel for the Division - Cassidy J. Wallin, Assistant Attorney General, Natural Resources.  
Witnesses: Clint Dworshak, Dustin Doucet, and Brad Hill.

The Board granted the Hearing Examiner's recommendations by unanimous vote. Tom Clawson will prepare an order based on the Hearing Examiner's Findings and Conclusions.

12. [Docket No. 2014-007 Cause No. S/005/0004](#) – In the Matter of the Request for Agency Action of C.E. BUTTERS REALTY AND CONSTRUCTION regarding Informal Conference for the Fact of Violation and Proposed Assessment for Citation No. MC-2013-17-03 for lands located in Section 29 of Township 9 North, Range 3 East, Cache County, Utah.

(Continued to the February 26, 2014, Board Hearing)

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Michael R. Brown, Chris D. Hansen, and Carl F. Kendell. Susan S. Davis was excused at 5:00 p.m.

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

This matter has been continued to the February Board hearing.

The meeting adjourned at 5:38 p.m.