

**MARCH 26, 2014, MEETING MINUTES**  
**BEFORE 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 WAS HELD ON WEDNESDAY, MARCH 26, 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 - Excused  
Chris Hansen, BOGM - Excused  
Carl Kendell, BOGM  
Gordon L. Moon, BOGM

**DIVISION:**

Mike Johnson, AAG, BOGM  
Douglas J. Crapo, AAG, Division  
Steven F. Alder, AAG, Division - Excused  
Kassidy J. Wallin, AAG, Division  
John R. Baza, Director  
Earlene Russell, Admin. Assistant  
Jim Springer, PIO  
Dana Dean, Assoc. Dir. Mining  
John Rogers, Assoc. Dir. Oil & Gas  
Steve Schneider, Admin. Policy Coord.  
Julie Ann Carter, Board Secretary  
Brad Hill, Permit Manager, Oil & Gas  
Clinton Dworshak, Hearings & Enf.  
Dustin Doucet, Petroleum Engineer  
Peter Brinton, Minerals Program  
Wayne Hedburg, AMR Program  
Paul Baker, Minerals Program Manager  
Wayne Western, Minerals Program

**BUREAU OF LAND MANAGEMENT:**

Michael Coulthard  
Jerry Kenzca

**SCHOOL AND INSTITUTIONAL TRUST  
LANDS ADMINISTRATION:**

John Andrews  
Chris Fausett

**DIVISION OF WATER QUALITY:**

Candace Cady

**EARTH DAY PRESENTERS:**

Lynn Hadlock and Robert Miller, Anadarko  
Petroleum  
Ryan Angus, QEP Energy  
Amanda Richard, and Lyndon Friant,  
Canyon Fuel Co – Sufco Mine  
John Ward, Intermountain Power Agency  
Wayne Hedburg, Division of Oil, Gas, and  
Mining, presenting on behalf of  
PacifiCorp/Energy West Mining  
Dan Proctor, Dan Proctor/LeGarza  
Exploration  
Kevin Rasmussen, Rasmussen Excavation

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

THE DIVISION OF OIL, GAS AND MINING WILL CONDUCT A BRIEFING SESSION AT 8:00 AM:

1. Earth Day Presentations

Presentations began at 8:00 a.m. and proceeded in the following order:

1. Anadarko Petroleum
2. QEP Energy
3. Canyon Fuel Co – Sufco Mine
4. Intermountain Power Agency
5. PacifiCorp/Energy West Mining
6. Dan Proctor/LeGarza Exploration
7. Rasmussen Excavation

2. Legislative Update

Steve Schneider, Administrative Policy Coordinator, gave a brief update on legislative actions since the close of the session. SB 213 was passed, and we are awaiting possible vetoes. The veto date is April 2, 2014. Bills will become effective on May 13th. The budget was successful and we will get extra funds for the Oil and Gas Programs' e-permit rewrite.

3. Other

- Michael Coulthard of the Bureau of Land Management answered questions on the Master Leasing Process. Information on the Master Leasing Process is available on the BLM's website at [www.blm.utah.gov/ut](http://www.blm.utah.gov/ut).

4. Next Month's Agenda and Division Calendar

- The next Board Hearing is on April 23, 2014.
- The quarterly Collaborative Meeting in Vernal is scheduled for April 10, 2014. USTAR will give a Black Wax Workshop.

5. Opportunity for Public Comment

The Board Chairman opened the meeting for public comment. No members of the public came forward to comment.

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. A70AC5F, and the individual docket number.*

1. Per Acre Bonding Costs for Small Mines and Exploration – The Division will present information about average costs per acre for reclamation, followed by an opportunity for public comment. The Board will be asked to approve a figure that will be used for bonding small mines and exploration operations.

Time: 9:14 a.m. - 9:26 a.m.

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

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

For the Division – Wayne Western, Minerals Program.

Mr. Wayne Western, UDOGM Minerals Program, gave a presentation to the Board on how bond amounts are calculated for Small mines and Exploration Projects. Title 40 Chapter 8 Section 14 (1)(c) requires the Division to give a presentation to the Board every year on how the Division of Oil, Gas, and Mining calculates bond costs. The purpose of this is to give members of the public the opportunity to comment on bond calculation methods. The board thought the Divisions contingency rate is too low at 5%, citing that in Board members experience in industry, mining is seeing a 20% contingency rate, and oil and gas is seeing a 10% contingency rate. Next year the Board would like a detailed presentation on the contingency rate.

The Board opened the floor for comments from the public. There were no comments from members of the public.

The Board made a motion to approve the Division's bond calculation rates for this year as presented. The motion passed by unanimous vote.

2. [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 February 26, 2014, Board Hearing)*

Time: 9:26 a.m. - 9:39 a.m.

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

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

Counsel for Bryce H. Haas - None present. Bryce Haas not present.

Counsel for the Division – Cassidy J. Wallin, Assistant Attorney General, Natural Resources.  
Witness: Peter Brinton, and Paul Baker.

The Board granted the relief as requested by unanimous vote.

3. [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.  
*(Continued from the February 26, 2014, Board Hearing)*

Time: 9:39 a.m. - 9:40 a.m.

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

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

Counsel for Berry Petroleum Company – A. John Davis, and Mark L. Burghardt, Holland & Hart, LLP. Not present.

Counsel for the Division – Douglas J. Crapo, Assistant Attorney General, Natural Resources.

This matter is continued to the April 23, 2014, Board Hearing.

4. [Docket No. 2014-012 Cause No. 272-04](#) – In the Matter of the Request for Agency Action of BERRY PETROLEUM COMPANY, LLC, a Wholly Owned Subsidiary of Linn Energy, LLC, as Successor in Interest to Berry Petroleum Company, for an Order Force-Pooling the Interests of all Owners Refusing or Failing to Bear Their Proportionate Share of the Costs of Drilling and Operating the Drilling and Spacing Units Located in Sections 5 and 7 in Township 6 South, Range 4 West, USM, Duchesne County, Utah.  
*(Continued from the February 26, 2014, Board Hearing)*

Time: 9:40 a.m. - 9:40 a.m.

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

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

Counsel for Berry Petroleum Company – A. John Davis, and Mark L. Burghardt, Holland & Hart, LLP. Not present.

Counsel for the Division – Douglas J. Crapo, Assistant Attorney General, Natural Resources.

This matter is continued to the April 23, 2014, Board Hearing.

5. [Docket No. 2014-010 Cause No. 139-115](#) – In the Matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an Order Pooling all Interests in Five Drilling Units Established by the Board’s Orders Entered in Causes Nos. 139-8 and 139-90 in Sections 7, 9, and 28, Township 3 South, Range 2 West, and Sections 8 and 12, Township 3 South, Range 3 West, U.S.M., Duchesne County.

*(Continued from the February 26, 2014, Board Hearing. The Board will hear portions of the Request involving the Nickerson #6-28-3-2W Well, and the Odekirk #11-12-3-3W Well)*

Time: 9:40 a.m. - 9:41 a.m.

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

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. Not present.

Counsel for the Division – Douglas J. Crapo, Assistant Attorney General, Natural Resources.

This matter is continued to the May 28, 2014, Board Hearing.

6. [Docket No. 2014-013 Cause No. 281-01](#) – In the Matter of the Notice of Agency Action for an Order forfeiting to the State of Utah all Interests in the Certificate of Deposit #8517289131 in the amount of \$40,000.00 being held by Wells Fargo Bank for and on behalf of the State of Utah; and forfeiting to the State of Utah the Surety Bond OKC605213 in the amount of \$80,000.00 provided by American Safety Casualty Insurance Company; and directing the Division to use the sums forfeited for the plugging and abandonment of the following wells operated by Quaneco LLC: Crane 4-4; Crane 12-4; Stacey Hollow 14-35; Murphy Ridge 1-32; and Crane 16-4 Located in Rich County, Utah.

Time: 9:41 a.m. - 9:42 a.m.

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

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

Counsel for Quaneco LLC – Not present.

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

This matter is continued to the June 25, 2014, Board Hearing.

7. [Docket No. 2014-014 Cause No. 282-01](#) – In the Matter of the Request for Agency Action of MAGNUM NGLS SOLUTION MINING, LLC, for an Order authorizing operation of Underground Natural Gas Liquids Storage Caverns underlying portions of Sections 22, 23, 26 and 27 of Township 15 South, Range 7 West, S.L.M., Millard County Utah.

Time: 9:42 a.m. - 11:17 a.m.

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

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

Counsel for Magnum NGLS Solution Mining, LLC – J. Craig Smith and Kathryn J. Steffey, Smith Hartvigsen, PLLC. Witnesses: Sam Quigley, Tiffany James, and Tom Eyer mann.

Counsel for the Division – Douglas J. Crapo, Assistant Attorney General, Natural Resources. Witnesses: John Rogers.

SITLA - John Andrews

Division of Water Quality - Candace Cady

The Division supports the Petitioner’s Request. The Board approved the operation of the facility as proposed by unanimous vote.

8. [Docket No. 2014-015 Cause No. 142-12](#) – In the Matter of the Request for Agency Action of QEP ENERGY COMPANY for an Order establishing a 320-acre drilling and spacing unit for a single horizontal well, the OP 4G-12-7-20 WELL, for production of oil and gas from the Green River Formation underlying the W½ of Section 12 in Township 7 South, Range 20 East, SLM, Uintah County, Utah.

Time: 11:33 a.m. - 11:34 a.m.

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

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

Counsel for QEP Energy Company – William E. Ward and Mark L. Burghardt, Holland & Hart, LLP. Not present.

Counsel for the Division – Douglas J. Crapo, Assistant Attorney General, Natural Resources.

This matter is continued to the April 23, 2014, Board Hearing.

9. [Docket No. 2014-016 Cause No. M/041/0009](#) – In the Matter of the Notice of Agency Action of the DIVISION OF OIL, GAS, AND MINING for an Order: (1) Forfeiting Georgia-Pacific Gypsum LLC's letter of credit for the Georgia-Pacific Gypsum Quarry, M/041/0009, located in Sevier County, Utah; and (2) Authorizing the Division to take all other actions necessary to enforce and collect the amount of liability.

Time: 11:34 a.m. - 11:35 a.m.

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

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

Counsel for Georgia-Pacific Gypsum LLC – Not present.

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

This matter is withdrawn without prejudice.

The hearing was adjourned at 11:35 a.m.

Copies of the agenda are available at [www.ogm.utah.gov](http://www.ogm.utah.gov) and at the administrative offices. Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing. One or more members of the Board may participate electronically pursuant to R641-100-600. The specified meeting location would serve as the anchor location for participation by the public.

**MARCH 26, 2014, MEETING MINUTES**  
**EARTH DAY AWARDS MEETING**  
**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 was held on Wednesday, March 26, 2014, at the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah, in a working lunch meeting in Room 1010 to discuss Earth Day Award nominations.

Attendees:

**BOARD MEMBERS PRESENT:**

Ruland Gill, Board Chair  
Kelly Payne, Vice-Chair  
Mike R. Brown, BOGM  
Carl Kendell, BOGM  
Gordon L. Moon, BOGM

**DIVISION PRESENT:**

John Rogers, Assoc. Dir. Oil & Gas  
Dana Dean, Assoc. Dir. Mining  
Steve Schneider, Admin. Policy Coordinator  
Jim Springer, PIO  
Earlene Russell, Admin. Assistant  
Julie Ann Carter, Board Secretary

**MEMBERS OF THE PUBLIC:**

None present

The Board Chairman called the meeting to order at 11:41 a.m.

The Board discussed Earth Day Nominee's presentations, and decided to give awards to Anadarko Petroleum, QEP Energy, PacifiCorp/Energy West Mining, Intermountain Power Agency, Dan Proctor/LeGarza Exploration. Canyon Fuel Co – Sufco Mine and Rasmussen Excavation were not selected for awards.

The meeting adjourned at 12:11 p.m.