

JUNE 24, 2015 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, June 24, 2015, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

ATTENDEES:

Board Members:

Ruland J. Gill, Jr., Chairman
Richard K. Borden
Michael R. Brown
Susan S. Davis
Chris D. Hansen
Carl F. Kendell
Gordon L. Moon

Utah Attorney General's Office, Natural Resources Division:

Michael S. Johnson, AAG, representing the Board
Steven F. Alder, AAG, representing the Division
Douglas J. Crapo, AAG, O'Hara Scholar
John Robinson Jr., AAG, O'Hara Scholar

Division of Oil, Gas and Mining:

John R. Baza, Division Director
Earlene Russell, Admin. Assistant
Steven L. Schnieder, Admin. Policy Coordinator
Julie Ann Carter, Board Secretary
John C. Rogers, Assoc. Director, Oil & Gas
Dana Dean, Assoc. Director, Mining
Dayne Doucet, Petroleum Engineer
Dustin Doucet, Petroleum Engineer
Brad Hill, Oil & Gas Permit Mgr
Randy Thackeray, Audit Mgr.
Josh Payne, Oil & Gas Program
Paul Baker, Mining Program Mgr
Leslie Heppler, Mining Engineer
Lynn Kunzler, Mining Engineer

Court Reporter:

Michelle Mallonee, R.P.R., C.S.R.

Members of the Public and Other Agencies:

Lee Peacock, Utah Petroleum Association

Lowell Braxton, Western Energy Alliance
Michael Coulthard, Bureau of Land Management
Tom Mitchell, School & Institutional Trust Lands Administration
Jim Davis, School & Institutional Trust Lands Administration
Tom Faddies, School & Institutional Trust Lands Administration
Jerry Kenczka, Bureau of Land Management
Frederick M. MacDonald, Esq., MacDonald & Miller Mineral Legal Resources PLLC
Relma Miller, Esq., MacDonald & Miller Mineral Legal Resources PLLC
Mark L. Burghardt, Esq., Holland & Hart LLP
Thomas W. Clawson, Esq., Van Cott, Bagley, Cornwall, & McCarthy, P.C.
Rikki Hrenko-Browning, Enefit American Oil
Thomas K. Hohn, T-K Production Company
Thomas A. Hauptman, T-K Production Company
Timothy J. Bandy, Bill Barrett Corporation
David M. Watts, Bill Barrett Corporation
Brent A. Murphy, Bill Barrett Corporation

Briefing Session:

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

1. Ruling on Preliminary Injunction Motion regarding Oil and Gas Fracturing
This rule is effective tomorrow. Multiple states have filed lawsuits. The purpose of the lawsuit is to cancel or stay the effect of the rule. This matter was heard in court yesterday, an injunction was asked for but the judge granted a stay and asked for more information to build the record. The stay will be in effect for about a month to give petitioners time to prepare briefings.
2. Other
 - Earlene Russell is retiring at the end of this month. This is her last hearing.
 - John Rogers listened to a conference call with the EPA regarding ground water contamination and hydraulic fracturing. The findings were inconclusive.
 - The BLM is expecting to produce rule making on methane emissions and venting and flaring.
3. Next Month's Agenda and Division Calendar
The September board hearing is on the 16th in Salt Lake City. Board members will take a field trip the next day to tour a mine in Carbon County.
4. Opportunity for Public Comment
The Board Chairman opened the meeting for public comment. No members of the public came forward to comment. The Chairman adjourned the briefing session at 8:50 a.m.

Formal Session:

The Chairman, Ruland J. Gill, Jr., called the formal session of the Board of Oil Gas and Mining hearing to order at 9:00 a.m. The Board heard the following matters:

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 from Alpine Court Reporting, 243 East 400 South, Suite 101B, Salt Lake City, Utah 84111, ph.: 801-691-1000.

1. Docket No. 2014-039 Cause Nos. S/023/0087, S/039/0024, S/039/0027, S/039/0030 – In the Matter of the Notice of Agency Action to affecting the mining operations of M. TODD WILHITE, WALL & ROCK, INC., and/or WILHITE & ASSOCIATES, INC., by (1) withdrawing a Notice of Intention, (2) forfeiting a Certificate of Deposit No. 7089407881 in the amount of \$7000 plus accrued interest held by ZIONS BANK, (3) ordering reclamation of mines, and (4) requesting the Division of Oil, Gas and Mining and the Attorney General to take all other actions necessary to recover costs, fees, and fines for the operations occurring at (a) Gulch Mine (S023/0087) in Juab County; (b) Freedom from War Mine (S/039/0024) in Sanpete County; (c) Mount Pleasant Mine (S/039/0027) in Sanpete County; and (d) Mount Pleasant North Mine (S/039/0030) in Sanpete County.

(This matter was continued from the May hearing.)

Time: 8:59 a.m. to 9: 06 a.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon.

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

Counsel for the Division – Steven F. Alder, Douglas J. Crapo, and John Robinson Jr., Assistant Attorneys General, Natural Resources.

Counsel for M. Todd Wilhite - Shane T. Peterson, Young, Kester, Black & Jube. not present.

The Division and Mr. Wilhite and the other corporations have agreed to a stipulated order of judgment. The Division requested that the Board approve the stipulated order. The Board approved the order by unanimous vote. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate at the hearing and vote on this matter.

2. Docket No. 2014-044 Cause No. 139-126 – In the Matter of the Request for Agency Action

of RIG II, LLC, for an Order Force Pooling the Interests of all Owners refusing to agree to Lease their Interests or otherwise bear their proportionate share of the costs of drilling operations for the Pappadakis #15-24-2-1E Well in the Drilling Unit established by the Order in Cause No. 139-42, comprising Section 24, Township 2 South, Range 1 East, U.S.M., within the Greater Altamont/Bluebell Area, Uintah County, Utah, for the production of oil and gas from the Lower Green River and Wasatch Formations.

(This matter was bifurcated. The bifurcated portion of this matter was continued from the April hearing.)

Time: 9:06 a.m. to 9:07 a.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon.

Counsel for the Board: Douglas J. Crapo, Assistant Attorney General, Natural Resources.

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

Witnesses: Dustin Doucet, and Brad Hill.

Counsel for the Petitioner: Phillip Wm. Lear, and Clifford B. Parkinson, Lear & Lear L.L.P., not present.

Witnesses: Tyson Kalstrom, and Richard A. Kopp, not present.

This matter has been continued to the September hearing.

3. Docket No. 2015-017 Cause No. 190-14 – In the Matter of the Request for Agency Action of ENEFIT AMERICAN OIL for an ORDER enlarging the designated oil shale area created by Cause Nos. 190-3 and 190-13 to include lands located in Townships 9 and 10 South, Ranges 24 and 25 East, SLM, Uintah County, Utah.

(This matter was bifurcated. The bifurcated portion of this matter was continued from the May hearing.)

Time: 9:07 a.m. to 11:43 a.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon.

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

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

Witnesses: John Rogers, Dustin Doucet, and Brad Hill.

Counsel for the Petitioner: Mark L. Burghardt, Holland & Hart LLP.

Witness: Rikki Hrenko-Browning.

Counsel for Respondent: Frederick M. MacDonald, MacDonald & Miller Mineral Legal Services PLLC, attorneys for T-K Production Company

Witnesses: Thomas K. Hohn and Thomas A. Hauptman.

The Board approved the Request for Agency Action with regard to the designation of an oil shale area. As a result Rule 649-3-31 would of course apply. The Board clarifies that's subsection 8 of Rule 649-3-31 does not impose an obligation to drive surface casing through the oil shale zone, but whatever casing penetrates the oil shale zone must go completely through the oil shale zone. The case has not been made that the order in Docket 190-13 should apply. The vote was unanimous. Mark L. Burghardt will prepare the Order.

Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on the matter.

4. Docket No. 2015-019 Cause No. 139-133 – In the Matter of the Request for Agency Action of BILL BARRETT CORPORATION for an Order pooling all interests, including the compulsory pooling of the interests of certain non-consenting or unlocatable owners, in the drilling unit established for the production of oil, gas and associated hydrocarbons from the Lower Green River-Wasatch Formations, comprised of all of Section 25, Township 2 South, Range 3 West, U.S.M, Duchesne County, Utah.

(This matter was continued from the May hearing.)

Time: 12:17 p.m. to 12:57 p.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon.

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

Counsel for the Division: John Robinson Jr., Assistant Attorney General, Natural Resources Division.

Witnesses: Dustin Doucet, and Brad Hill.

Counsel for the Petitioner: Relma M. Miller, MacDonald & Miller Mineral Legal Services, PLLC.

Witnesses: Timothy J. Bandy, David M. Watts, and Brent A. Murphy.

The Petitioner requested that the Board grant this matter with the stipulation as requested by the Division, that it become effective in 30 days. The Board approved the Request for Agency Action, recognizing the request of the Division delaying the effective date of the order for 30 days. The final order in this matter will be held for 30 days. The vote was unanimous. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on the matter. Ms. Relma Miller will prepare the order.

5. Docket No. 2015-020 Cause No. 139-134 – In the Matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an Order: (1) Partially vacating the Board's Orders entered in Cause Nos. 139-90, 139-98, 139-103 and 139-123; and (2) Vacating The Board's Orders entered in Cause Nos. 131-51, 139-109, 139-110, 139-113, 139-117, 139-120 and 139-129, and instead establishing stand-up (vertical) 1280-acre (or substantial equivalent) drilling units for the production of oil, gas and associated hydrocarbons from the Lower Green River-Wasatch Formations within Townships 3 South, Ranges 1 and 2 West, and the E½ of Township 3 South, Range 3 West, USM, Duchesne and Uintah Counties, Utah.

Time: 12:57 a.m. to 3:21 a.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Michael R. Brown was excused at 1:54 p.m.

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

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

Witnesses: Dustin Doucet, and Brad Hill.

Counsel for the Petitioner: Frederick M. MacDonald, MacDonald & Miller Mineral Legal Services, PLLC.

Witnesses: Roxann Eveland, Zac Gonsior, Sarah Fenton, and Mike Jensen.

The Division supports the proposal. The Board granted the petition as requested by unanimous vote. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on this matter. Michael R. Brown was excused and did not vote on this matter. Mr. Fred MacDonald will write the order.

6. Docket No. 2015-021 Cause No. S/023/0058 – In the matter of: reclamation at the PARADISE MINE, operated by Bonnie Birch Jensen, located twelve miles southwest of Levan in Juab County, Utah.

Time: 3:34 p.m. to 4:07 p.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Richard K. Borden,, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Michael R. Brown was excused.

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

Counsel for the Division: John Robinson Jr., Assistant Attorney General, Natural Resources Division.

Witnesses: Paul Baker

The Board granted the request as presented by unanimous vote. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on this matter. Michael R. Brown was excused and did not vote on this matter.

The meeting adjourned at 4:07 p.m.