

SEPTEMBER 16, 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 will be held on Wednesday, September 16, 2015, in the classroom at the Utah Core Research Center, Utah Geological Survey, Department of Natural Resources, 240 North Redwood Road, Salt Lake City, Utah.

On Thursday, September 17, the Board will tour mining sites in Carbon County. The public is invited to attend but must provide their own transportation and lunch. The Board will depart the north parking lot of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, at 6:30 a.m.

ATTENDEES:

Board Members

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

Utah Attorney General's Office, Natural Resources Division

Michael S. Johnson, AAG, representing the Board
John Robinson Jr., AAG, O'Hara Scholar, representing the Division
Fred Donaldson AAG, representing Utah Division of Transportation and Utah Division of Forestry
Fire and State Lands

Division of Oil, Gas and Mining

John R. Baza, Division Director
Sheri Sasaki, Admin. Assistant
Steven L. Schnieder, Admin. Policy Coordinator
Hollie Brown, Public Information Officer
Julie Ann Carter, Board Secretary
John C. Rogers, Assoc. Director, Oil & Gas
Dana Dean, Assoc. Director, Mining
Dustin Doucet, Petroleum Engineer

Alpine Court Reporting

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

MacDonald & Miller Mineral Legal Services, PLLC

Frederick M. Macdonald, Esq., attorneys for Bill Barrett Corporation:

Bill Barrett Corporation

Timothy J. Bandy, Landman

Brent Murphy, Drilling Engineering Advisor

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. Update on Hydraulic Fracturing Litigation

John Robinson Jr., AAG representing the Division, gave an update on hydraulic fracturing litigation. Industry and states filed a preliminary injunction which would hold the rule in abeyance until after the hearing. The judge ruled that he was not prepared to grant the injunction, but he did have concerns, so he granted a stay, which is effectively the same. Each state has a unique position, North Dakota is concerned with UIC program and sovereignty issues, Utah is focused on the economic issue.

2. OSM Stream Protection Rule

Dana Dean, Associate Director, Mining, reported on the status of the OSM stream protection rule. The Division participated in the review process, but our comments were not included. The rule is 300 pages and the review process has taken four years. We have 30 days to review. OGM is not in favor of the rule. We have gone through the rule line by line and developed a comment document. Major concerns include: material damage, unrealistic riparian corridor requirements for perennial, intermittent, and ephemeral streams, unrealistic baseline water data requirements, permit nullification requirement, takes away a lot of State autonomy, primacy concerns, based on Appalachian scion., does not apply to entire country, wage in important definitions, goes well beyond streams, major rewrite of sacra, overreaching, economic impacts understated and important both for states and industry, and does not allow for differences in underground and surface mining. The Division will comment through PLPCO and IMCC. Comments are due around October 25. The rule is written as a way to punish bad actors. The existing rules could be used to go after the bad actors. States agree that this is not a good rule. Fed agency is trying to make a rule that applies to every state.

3. Proposed Board Hearing Schedule for Year 2016 (Board approves at October hearing.)

Mr. John Baza, Director, presented the Board hearing schedule for calendar year 2016. The board was asked to check their calendars. The schedule will be confirmed at the October hearing.

4. Other

- Board field trip on September 17 starts at 6:30 a.m., and ends around 2:00 p.m.
- Discussion of the Division's budget situation.
- Report on Energy Summit in Vernal last week.
- Report on PR Springs Oil Sands project.

5. Next Month's Agenda and Division Calendar
 - Carbon Emery Collaborative meeting next week
 - IOGCC and GWPC annual meeting next week
 - Oil and Gas Collaborative meeting on October 8.
 - Board Hearing October 28

6. Opportunity for Public Comment

The Board Chairman opened the meeting for public comment. Seeing no members of the public coming forward to comment, the Chairman adjourned the briefing session at 9:00 a.m. The hearing will begin at 9:00 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. 2014-044 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 to the September hearing.)

Time: 9:03 a.m. to 9:04 a.m.

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

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

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

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 was continued to the December 9, 2015 Board hearing.

2. Docket No. 2015-023 Cause No. S/049/0050 – In the matter of: reclamation at the ELITE ROCK-WEST MINE, Permit No. S/049/050, operated by Wasatch Mountain Excavating, located southwest of Elberta in the Southwestern Utah County, Utah.

(This matter was continued from the August 26, 2015, Board hearing.)

Time: 9:04 a.m. to 9:04 a.m.

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

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

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

Witnesses: Paul Baker, and April Abate.

This matter was continued to the October 28, 2015, Board hearing.

3. Docket No. 2015-025 Cause No. 139-136 – 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 Special Drilling Unit #16, established for the production of oil, gas and associated hydrocarbons from the Lower Green River-Wasatch Formations, comprised of the W $\frac{1}{2}$ Nw $\frac{1}{4}$ of Section 17 and all of Section 18, Township 2 South, Range 2 East, USM, Uintah County, Utah.

Time: 9:05 a.m. to 10:14 a.m.

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

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

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

Witness: Dustin Doucet.

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

Witnesses: Timothy J. Bandy, and Brent A. Murphy.

Counsel for UDOT and FFSL - Fred Donaldson, Assistant Attorney General, Natural Resources.

The Petitioner requested that the Board approve the Request for Agency Action as submitted. The Petitioner is asking for a 300% risk compensation assessment. Both UDOT and FFSL consented to the requested pooling terms. The Division is in support of the request. The Board approved the Request for Agency Action as submitted by unanimous vote. Ruland J Gill, Jr., Chairman, Richard K. Borden, Susan S. Davis, Chris D. Hansen, and Carl F. Kendell were present to participate at the hearing and vote on the matter. Michael R. Brown and Gordon L. Moon were excused. Frederick M. MacDonald will prepare the order.

The meeting adjourned at 10:14 a.m.