

OCTOBER 28, 2015 MEETING MINUTES
BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH



A public meeting was held on Wednesday, October 28, 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, Excused
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
John Robinson Jr., AAG, O'Hara Scholar
Melissa L. Reynolds, AAG, O'Hara Scholar

Division of Oil, Gas and Mining

John R. Baza, Division Director
Sheri Sasaki, Admin. Assistant
Hollie Brown, Public Information Officer
Steve L. Schneider, Admin. Policy Coordinator
Julie Ann Carter, Board Secretary
John Rogers, Assoc. Director, Oil and Gas Program
Dana Dean, Assoc. Director, Mining Program
Jan Morse, AMRP Program
Daron Haddock, Mgr., Coal Program
Randy Thackeray, Audit Mgr., Oil and Gas Program
Rachel Medina, Oil and Gas Program
Brad Hill, Permit Mgr., Oil and Gas Program
Dustin Doucet, Petroleum Engineer, Oil and Gas Program
Joshua Payne, Compliance Manager
Dayne Doucet, Petroleum Engineer, Oil and Gas Program
Beverly Wisner, Auditor, Oil & Gas Program
Susan White, Env. Scientist, Abandoned Mine Reclamation Program

Bureau of Land Management

Michael Coulthard, Utah State Office

Mike McKinley, Utah State Office

Western Energy Alliance

Lowell Braxton

Reed Warlaumont & Stout

Michael Stout, Esq., attorneys for Wasatch Mountain Excavating

Robert Aurora Sky, LLC

Matthew R. Shadle, Managing Member

MacDonald & Miller Mineral Legal Services, PLLC

Relma M. Miller, Esq., attorney for Badlands Energy Utah, LLC

Frederick M. MacDonald, Esq. attorney for Fidelity Exploration & Production Company

Badlands Energy Utah, LLC

John L. Obourn, Jr., Land Manager

Richard Kopp, Geoscientist

Deborah Ryan, Consulting Reservoir Engineer

Fidelity Exploration & Production Company

Wes Adams, Landman

David List, Senior Geophysicist

Charles Maybee, Senior Petroleum Engineer

BRIEFING SESSION:

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.

1. Report on Interstate Oil and Gas Compact Commission Annual Conference

Mr. John Baza and Mr. John Rogers attended the recent Interstate Oil and Gas Compact Commission's (IOGCC) annual conference in Oklahoma City. John Baza won the E.W. Marland Award. This is an annual award that the IOGCC gives to government employees for years of service and commitment.

The meetings of the Interstate Oil and Gas Compact Commission, the Ground Water Protection Council (GWPC), and the National Rural Water Association (NRWA), were co-held in Oklahoma City at the same time. Mr. Baza primarily attended the IOGCC meeting.

The IOGCC meeting started out with a roundtable of state regulatory agencies, which includes every oil and gas producing state in the U.S. There were similar reports from everyone that even

though production has not yet slipped in most of the states, drilling activity has dropped as much as 60 to 70%. Important items of note from the meeting include:

- A joint report, produced by IOGCC and GWPC, on induced seismicity was released at the meeting.
- A compendium of best practices in horizontal spacing and drilling was produced by one of the IOGCC committees and was released at the meeting.
- Resolution regarding Class VI Injection Wells.
- Carbon Sequestration Injection Wells

2. Report on Groundwater Protection Council Annual Forum

Mr. John Rogers reported on the recent GWPC meeting. Important items of note from the meeting include:

- The SOGRE report, which stands for State Oil And Gas Regulatory Exchange, has not been finalized.
- The “FracFocus” website keeps evolving. The website has been updated to reduce input error, provide enhanced search ability, and updated educational information.
- There is a new State training program for inspectors called Top Core.
- The GWPC is responsible for the RBDMS, which stands for risk based management system.

3. Request for Approval of Board Hearing Schedule for Year 2016

Mr. John Baza requested approval of the Board Hearing Schedule for Year 2016. The Board approved the schedule for 2016.

4. Other

- Board’s Holiday Open House is on Wednesday, December 9, from 4:00 p.m. to 6 p.m.
- Discussion of the process of commenting on Federal EIS’s
- Report on the Annual Customer Service Survey
- Introduction of new employees Beverly Wiser, Josh Payne.
- Introduction of Jordan Clark, Manager of Conventional Energy, Office of Energy Development.
- Discussion of the Oil and Gas Conservation fee.
- Report on the stream protection rule.
- Congratulation to Melissa Reynolds, O’Hara Scholar, who recently passed the bar exam.

5. Next Month’s Agenda and Division Calendar

- The next Board Hearing is on Wednesday, December 9, 2015.

6. Opportunity for Public Comment

The Chairman opened the meeting for public comments. Seeing none, the meeting adjourned until 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. 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 9:42 a.m.

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

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

Counsel for the Division: Steven F. Alder, and John Robinson Jr., Assistant Attorneys General, Natural Resources.

Witnesses: Paul Baker, and April Abate.

Counsel for Wasatch Mountain Excavating: Michael Stout, esq., Reed Warlaumont & Stout.

On Behalf of Robert Aurora Sky, LLC: Matthew R. Shadle, managing member.

This matter was continued to the December 9 Board hearing.

2. Docket No. 2015-024 Cause No. 139-135 - In the Matter of the Amended Request for Agency Action of BADLANDS ENERGY – UTAH, LLC for an order extending the Board’s Order entered in Cause No. 139-84, and modifying the Board’s Orders entered in Cause Nos. 131-24 and 139-42, to provide for the drilling of additional wells to achieve the equivalent of up to a 160-acre well density pattern, for the production of oil, gas and associated hydrocarbons from the Lower Green River – Wasatch Formations in Sections 1, 9, 10, 12, 13, 15-17, 19-24 and 26-35, Township 2 South, Range 1 East, USM, Uintah County, Utah.

Time: 9:42 a.m. to 11:12 a.m.

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

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

Counsel for the Division: Steven F. Alder, and Melissa L. Reynolds., Assistant Attorneys General, Natural Resources.
Witnesses: Dustin Doucet, and John Rogers.

Counsel for the Petitioner: Relma M. Miller, MacDonald & Miller Mineral Legal Services, PLLC
Witnesses: John Obourn, Richard Kopp, and Deborah Ryan.

The Board granted the petition as presented by unanimous vote. Ruland J. Gill, Jr., Chairman, 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. Richard K. Borden was excused. Ms. Relma Miller will prepare the order.

3. Docket No. 2015-027 Cause No. 166-06 – In the Matter of the Request for Agency Action of FIDELITY EXPLORATION & PRODUCTION COMPANY for an order establishing a special drilling unit for the CCU 7-1-26-20 horizontal well for the production of oil and associated gas and hydrocarbons from the Paradox Formation comprised of Lots 9 and 10, SE¹/₄NW¹/₄, E¹/₂SW¹/₄, W¹/₂SE¹/₄ and SE¹/₄SE¹/₄ of Section 6, and NE¹/₄NE¹/₄ of Section 7, Township 26 South, Range 20 East, SLM, Grand County, Utah.

Time: 11:12 a.m. to 12:25 p.m.

Board Members present: Ruland J. Gill, Jr., Chairman, Michael R. Brown, Susan S. Davis, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused at 12:01 p.m. Richard K. Borden was excused.

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

Counsel for the Division: Steven F. Alder, and John Robinson Jr., Assistant Attorneys General, Natural Resources.

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

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

Witnesses: Wes Adams, David List, and Charles Maybee.

Representing the Bureau of Land Management: Michael Coulthard, BLM Utah State Office, Salt Lake City, Utah.

The Board Granted the Petition as presented by unanimous vote. Ruland J. Gill, Jr., Chairman, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon were present to participate at the hearing and vote on this matter. Chris D. Hansen was excused at 12:01 p.m. Richard K. Borden was excused. Mr. MacDonald will prepare the order.

The meeting adjourned at 12:25 p.m.