

**MARCH 23, 2016, MEETING MINUTES
OF THE REGULARY SCHEDULED MEETING
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, March 23, 2016, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah. The meeting was streamed live on the Department of Natural Resources YouTube channel. The link for the Briefing Session is <https://youtu.be/tisU22rlwpM>, and the link for the Board Hearing is <https://youtu.be/I5Qs8Et016E>.

ATTENDEES:

Board Members:

Ruland J. Gill, Jr, Chairman
Richard K. Borden
Michael R. Brown
Susan S. Davis, Excused
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, representing the Division
Melissa L. Reynolds, AAG, O'Hara Scholar, representing the Division

Division of Oil, Gas and Mining:

John R. Baza, Division Director
Dana Dean, Assoc. Director, Mining Program
John Rogers, Assoc. Director, Oil and Gas Program
Steve L. Schneider, Admin. Policy Coordinator
Hollie Brown, Public Information Officer
Sheri Sasaki, Admin. Assistant
Julie Ann Carter, Board Secretary
April Abate, Mining Program
Brad Hill, Permit Mgr., Oil and Gas Program
Dustin Doucet, Petroleum Engineer, Oil and Gas Program
Josh Payne, Oil and Gas Program
Leslie Heppler, Mining Program

Earth Day Award Presenters:

Joe Havasi, Compass Minerals Ogden Inc.
Jean Semborski, Conoco Phillips
Oren Gatten, North American Exploration Inc.
Ken May and Wyatt Shakespeare, Canyon Fuel Company, LLC - Sufco Mine
Mark Stewart, Questar Pipeline
Leslie Heppler on behalf of, Ultradent Products

CCI Paradox Upstream LLC

Anna K. Hudson, Associate Director, Landman
Mark W. Andreason, Vice President, Geoscience
Kevin D. Neeley, Vice President, Acquisitions and Development, Reserves and Reservoir

MacDonald & Miller Mineral Legal Services, PLLC

Frederick M. MacDonald, Esq., counsel for CCI Paradox Upstream LLC

BRIEFING SESSION:

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

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

1. Compass Minerals Ogden Inc.	Great Salt Lake Mine
2. Conoco Phillips	Hiawatha Habitat Improvement
3. North American Exploration Inc.	Sage Grouse Mitigation Project
4. Canyon Fuel Co. - Sufco Mine	Manti La Sal Habitat Improvement Project
5. Questar Pipeline	Mainline 3 Replacement Project
6. Ultradent Products	Tooele County Reclamation Project

A meeting is scheduled to be held during a working luncheon in room 1010 to determine next month's Earth Day award winners.

2. Legislative Update

Mr. Steve Schneider, Admin. Policy Coordinator, Division of Oil, Gas and Mining, gave a brief update on bills affecting the Board and Division of Oil, Gas and Mining that passed in the 2016 legislative session. A spreadsheet listing all the bills for this legislative session is posted on the Board's website at:

http://ogm.utah.gov/amr/boardtemp/redesign/2016/03_Mar/Briefing/marBriefing2016.php

Mr. John Baza, Director, Division of Oil, Gas and Mining, reported on the status of oil and gas program funding.

3. Other

A report was not given.

4. Next Month's Agenda and Division Calendar
 - The next Board meeting is on April 27, 2016. The Board will present Earth Day Awards during the briefing session.
 - The next Oil and Gas Collaborative meeting is on April 14, 2016. This is the annual waxy crude workshop. The Board is invited to attend. The meeting agenda is posted on the Board's website at:

[https://fs.ogm.utah.gov/bbooks/2016/03_Mar/Briefing/7th%20Annual%20Waxy%20Crude%20Workshop%20Agenda%20\(3\).pdf](https://fs.ogm.utah.gov/bbooks/2016/03_Mar/Briefing/7th%20Annual%20Waxy%20Crude%20Workshop%20Agenda%20(3).pdf)

5. Opportunity for Public Comment

The Chairman opened the meeting for public comment. Seeing none, the briefing session adjourned at 9:42 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 10:00 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 January 27, 2016 hearing.*)

Time: 10:06 a.m. to 10:10 a.m.

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

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

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

Witness: April Abate.

Counsel for Attorney for Brett Bryson & Wasatch Mountain Excavating, Inc. – Michael Stout, esq., Reed Warlaumont & Stout. Not Present.

Counsel for Matthew R. Shadle, & Robert Aurora Sky, LLC – James R. Blakesley, James R. Blakesley, PLLC. Not Present.

The Utah Division of Oil, Gas and Mining and Wasatch Mountain Excavating jointly moved the Utah Board of Oil, Gas and Mining to continue the Elite Rock-West matter until the regularly scheduled hearing on April 27, 2016. The Board approved the motion by unanimous vote. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon participated in the vote. This matter is continued to the Board hearing on April 27, 2016.

2. Docket No. 2016-005 Cause No. 222-16 – In the matter of the Notice of Agency Action for an order requiring HINTO ENERGY, Inc. to plug and reclaim wells or, in the alternative, forfeiting surety bonds and authorizing the Division to plug and reclaim wells located in Sections 14 and 24, Township 21 South, Range 23 East in Grand County, Utah.

(This matter was continued from the February 24, 2016 hearing.)

Time: 10:10 a.m. to 10:19 a.m.

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

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

Counsel for the Division –Melissa L. Reynolds, Assistant Attorney General, Utah Attorney General's Office, Natural Resources Division.

Witnesses: Dustin Doucet, Josh Payne, and John Rogers.

Counsel for the Respondent, Vectra Bank Colorado: Brent A. Waite, ZB, N.A., Corporate Legal Services. Not Present.

The Utah Division of Oil, Gas and Mining and Hinto Energy, Inc. have negotiated a schedule for completing work and/or resolving issues described in the Division's January 11, 2016, Notice of Agency Action. The terms of the stipulation must be met by July 5, 2016. Provided the terms of the stipulation are met the Division would ask the Board to enter an order dismissing the case. If the terms are not met the Division would ask the Board to enter an order of summary judgment. The Board approved the stipulation by unanimous vote. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate in the vote.

3. Docket No. 2016-006 Cause No. 166-08 – In the matter of the Request for Agency Action of CCI PARADOX UPSTREAM LLC for an order establishing a special drilling unit for the Middle Mesa Federal 26-23-29-24 directionally drilled well for the production of gas and associated oil and hydrocarbons from the Hermosa Formation comprised of the SE¹/₄SE¹/₄NW¹/₄ and SW¹/₄SW¹/₄NE¹/₄ of Section 26, Township 29 South, Range 24 East, SLM, San Juan County, Utah.

Time: 10:19 a.m. to 11:01 a.m.

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

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

Counsel for the Division – Melissa L. Reynolds, Assistant Attorney General, Utah Attorney General's Office, Natural Resources Division.

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

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

Witnesses: Anna K. Hudson, Mark W. Andreason, and Kevin D. Neeley.

The Division supports the request. The Petitioner asked that the Board grant the request as submitted. The Board granted the request by unanimous vote. Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to participate in the vote. Mr. Fred MacDonald, Esq., will prepare the order.

The hearing adjourned at 11:01 a.m. The Board will reconvene in room 1010 at 11:15 a.m. to discuss Earth Day Presentations.

Copies of the agenda are available at 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 23, 2016, MEETING MINUTES
WORKING LUNCHEON RE: EARTH DAY NOMINATIONS
OF 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, March 23, 2016, 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:

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

Utah Attorney General's Office, Natural Resources Division:

Michael S. Johnson, AAG, representing the Board

Division of Oil, Gas and Mining:

John R. Baza, Division Director
Dana Dean, Assoc. Director, Mining Program
John Rogers, Assoc. Director, Oil and Gas Program
Hollie Brown, PIO
Julie Ann Carter, Board Secretary

The Chairman called the meeting to order at 11:15 a.m.

The Board discussed Earth Day Nominee's presentations, and decided to give awards to Compass Minerals Ogden Inc., for Great Salt Lake Mine; Conoco Phillips, for Hiawatha Habitat Improvement; North American Exploration Inc. for Sage Grouse Mitigation Project; Canyon Fuel Co. - Sufco Mine, for the Manti La Sal Habitat Improvement Project; and Ultradent Products for the Tooele County Reclamation Project.

The vote on Questar Pipeline for the Mainline 3 Replacement Project was put on hold. The Board had questions on whether or not Quester went above and beyond the requirements of the law on this project. The Division will send an email to Quester requesting more information. Quester will be given a week to respond. The Board will vote after reviewing Questar's response.

The "Best of Best" award goes to Compass Minerals for the Great Salt Lake Mine. The Division will submit their project to the Interstate Mining Compact Commission for a national award next year.

After concluding the Earth Day Awards discussion, Mr. Gill requested a discussion of results oriented goals for the coming year. Goals discussed include; outreach; statutory issues regarding pooling; results of pilot projects; rules changes regarding flaring; compliance issues regarding hard-rock mines; and equipment and procedural standards for electronic hearings.

The meeting adjourned at 12:47 p.m.