

**APRIL 27, 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**



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A public meeting was held on Wednesday, April 27, 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/QpWv6AhqsJ8>, and the link for the Board Hearing is <https://youtu.be/OBYlmoztBDM>.

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**ATTENDEES:**

**Board of Oil, Gas, and Mining:**

Ruland J. Gill, Jr, Chairman  
Richard K. Borden, Excused  
Michael R. Brown, Excused  
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  
Randy Thackeray, Oil & Gas Program  
Wayne Western, Mining Program

**Earth Day Award Recipients:**

Jean Semborski, Conoco Phillips  
Ken May, Vicky Miller, Wyatt Shakespear, Canyon Fuel Company, Sufco Mine  
Joe Havasi - Compass Minerals  
Peter Allred – Ultradent Products  
Oren Gatten - North American  
Exploration, Inc.  
Mark Stewart – Questar Pipeline

**Governor’s Office of Energy Development**

Dr. Laura Nelson, Executive Director

**Kinder Morgan**

Steve Styler, Esq, Styler Daniels, P.C., Attorney for Kinder Morgan,  
Allen Fore, Vice President, Public Affairs  
Richard Wheatley, Director, Communications Public Affairs  
Ted Meinhold, Operations Director  
Tyler Gilligan, Coordinator, Public Affairs

**MacDonald & Miller Mineral Legal Services, PLLC**

Thomas W. Clawson, Esq.

**Crescent Point Energy U.S. Corporation**

Mark Ballard, Development Engineer  
Jordan D. Wells, Land Man  
Jason Anderson, Senior Geologist

**Newfield Production Company**

Travis Lindsey, Land Lead

**Bureau of Land Management,  
Vernal Field Office**

Catie Bucher, Petroleum Engineer

**Members of the Public**

Mr. David Penney, Small Mine Owner/Operator

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**BRIEFING SESSION:**

The Chairman, Ruland J. Gill, Jr., called the meeting to order at 8:00 a.m. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon opened the meeting with the presentation of Earth Day Awards. Mr. John R. Baza, Director, conducted the Briefing Session.

1. Presentations of Earth Day Awards

Earth Day Awards were presented to Conoco Phillips for their Hiawatha Habitat Improvement project; Canyon Fuel Company's Sufco Mine for the Manti La Sal Habitat Improvement Project; Ultradent Products for the Tooele County Reclamation Project; North American Exploration Inc. for the Sage Grouse Mitigation Project, Questar Pipeline for the Mainline 3 Replacement Project; and Compass Minerals Ogden Inc. for the Great Salt Lake Mine project. The Board gave Compass Minerals Ogden Inc. a second award, the "Best of Best" award, meant for those companies that do an outstanding job.

2. Update from the Office of Energy Development

Dr. Laura Nelson, Executive Director, Governor's Office of Energy Development, gave an update on the activities of the Governor's Office of Energy Development. The Governor's Energy Office works on energy initiatives to increase Utah's energy economy. Tools used to promote energy and minerals development include policy changes, promotion of responsible energy development, tax credits, K-12 education, community outreach, and fostering innovative development. Upcoming meetings include the Governor's Energy Summit, and the Oil Shale Symposium held by Colorado School of Mines.

3. Commencement of Informal Rulemaking Process

- Oil and Gas Program; R649-3-32: Undesirable Events

Mr. Steve Styler, Esq., Attorney for Kinder Morgan, gave a presentation on proposed rule changes to R649-3-32: Undesirable Events. Mr. Styler requested the Board's approval to move to informal rulemaking. The Board approved the request to move to informal rulemaking.

4. Other

A report was not given.

5. Next Month's Agenda and Division Calendar

- The Governor's Energy Summit is on May 24 and 25. The Board is invited to attend.
- The next Board Hearing is on May 25, 2016. The hearing date conflicts with the Energy Summit. A discussion was held regarding rescheduling the hearing start time so that those desiring to attend the Energy Summit would be able to attend half a day at the Energy Summit and half a day at the Board hearing. The Board decided to attend the Energy Summit in the morning and hold the Board hearing in the afternoon.
- The Board's field trip to Kennecott Mine is on May 26, 2016.

6. Opportunity for Public Comment

The Chairman opened the meeting for public comment. Seeing none, the briefing session adjourned at 9:51 a.m.

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**FORMAL SESSION:**

The Chairman, Ruland J. Gill, Jr., called the formal session of the Board of Oil Gas and Mining hearing to order at 10:07 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. 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: 10:07 a.m. to 10:50 a.m.

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

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

On Behalf of the Division – Wayne Western, Environmental Scientist, Utah Division of Oil, Gas and Mining, Minerals Program.

Member of the Public – Mr. David Penney, Small Mine Owner/Operator

Mr. Wayne Western gave a report on how the Division calculates per acre bonding costs for small mines and exploration. Mr. Western asked the Board to approve bonding calculations for this year. The Board asked for comments from members of the public. Mr. David Penny, owner and operator of several small gemstone mines in Utah and Nevada, commented on the cost of bonding in Utah versus bonding in Nevada. The Board considered Mr. Penney's remarks. The Division replied to Mr. Penney's comments.

The Board approved bonding costs for small mines and exploration for this year by unanimous vote. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to hear the matter and participate in the vote.

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 March 23, 2016 hearing.)*

Time: 10:50 a.m. - 11:12 a.m.

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

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

Counsel for the Division – John Robinson Jr, Assistant Attorney General, Utah Attorney General's Office, Natural Resources Division.

Witness: April Abate.

Counsel 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, Esq., James R. Blakesley, PLLC. Not Present.

The Division of Oil, Gas and Mining has withdrawn this matter. Except for the obligation to successfully revegetate the mine site, the Division deems Wasatch Mountain in compliance with its reclamation contract and releases Wasatch Mountain and its creditors from all non-revegetation reclamation obligations associated with the Elite Rock-West mine site. The Division will retain regulatory jurisdiction over this site until successful revegetation of the mine site is complete. The Division will also retain a cash bond securing that liability. No action is required by the Board of Oil, Gas and Mining. The Board noted that this matter has been resolved. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to hear the matter.

3. Docket No. 2016-007 Cause No. 131-143 – In the matter of the Request for Agency Action of SUN-WEST OIL & GAS, INC. for an Investigation and Negotiation Conference regarding allegations of non-payment of proceeds of production from the Nielson 1-20B1 Well in Section 20, Township 2 South, Range 1 West, USM, Duchesne County, Utah, Craig Phillips dba Uinta Oil & Gas, Mountain Oil, Inc. and Homeland Gas and Oil, Inc; and

Time: 11:12 a.m. 11:16 a.m.

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

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

Counsel for the Division – Steven F. Alder, Assistant Attorney General, Utah Attorney General’s Office, Natural Resources Division.

Witness: Randy Thackeray.

Counsel for the Petitioner – Nelson Spear, Spear Brothers Group, Attorneys for Sun West Oil & Gas, Inc. Not Present.

Respondent – Craig Phillips dba Uinta Oil & Gas, Mountain Oil, Inc. and Homeland Gas and Oil, Inc. Not Present.

The Division requested that the Board hear Docket No. 2016-007 and Docket No. 2016-008 at the same time because they are similar in nature and filed by the same petitioner. The Board agreed to hear both matters at the same time.

The Division requested that the Board set the matters for investigation and negotiations by the Division within 60 days. The Board referred both matters to the Division for further negotiation and investigation by unanimous vote. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to hear the matter and participate in the vote.

4. Docket No. 2016-008 Cause No. 131-144 – In the matter of the Request for Agency Action of SUN-WEST OIL & GAS, INC. for an Investigation and Negotiation Conference regarding allegations of breach of operating agreement for the Nielson 1-20B1 Well in Section 20, Township 2 South, Range 1 West, USM, Duchesne County, Utah, by Respondent, Craig Phillips dba Uinta Oil & Gas, Mountain Oil, Inc. and Homeland Gas and Oil, Inc.

Time: 11:12 a.m. 11:16 a.m.

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

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

Counsel for the Division – Steven F. Alder, Assistant Attorney General, Utah Attorney General’s Office, Natural Resources Division.

Witness: Randy Thackeray.

Counsel for the Petitioner – Nelson Spear, Spear Brothers Group, Attorneys for Sun West Oil & Gas, Inc. Not Present.

Respondent – Craig Phillips dba Uinta Oil & Gas, Mountain Oil, Inc. and Homeland Gas and Oil, Inc. Not Present.

The Division requested that the Board hear Docket No. 2016-007 and Docket No. 2016-008 at the same time because they are similar in nature and filed by the same petitioner. The Board agreed to hear both matters at the same time.

The Division requested that the Board set the matters for investigation and negotiations by the Division within 60 days. The Board referred both matters to the Division for further negotiation and investigation by unanimous vote. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to hear the matter and participate in the vote.

5. Docket No. 2016-010 Cause No. 139-137 – In the matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an order pooling all interests in three stand-up (vertical) 1,280-acre (or substantial equivalent) drilling units established by the Board’s order in Cause No. 139-134, and modifying, in part, two force-pooling orders entered by the Board in Causes Nos. 139-115 and 139-121, Sections 2 and 11, 4 and 9, and 6 and 7, Township 3 South, Range 2 West, USM, Duchesne County, Utah.

Time: 11:20 a.m. to 12:44 p.m.

Board Members present – Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Richard K. Borden, Michael R. Brown, and Susan S. Davis, were 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 – Thomas W. Clawson, MacDonald & Miller Mineral  
Legal Services, PLLC  
Witness: Travis Lindsey

The Petitioner asked that the board approve the request as submitted. The Division supports this request. The Board granted the request by unanimous vote. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to hear the matter and participate in the vote. Mr. Clawson will prepare the order.

6. Docket No. 2016-009 Cause No. 142-14 – In the matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORPORATION for an order establishing a 640-acre drilling unit for the production of oil, gas, and associated hydrocarbons from the Lower Green River and Green River-Wasatch Formations in Section 9, Township 4 South, Range 2 East, U.S.M., Uintah County, Utah.

Time: 2:01 p.m. to 4:43 p.m.

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

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

Counsel for the Division – Steven F. Alder, Assistant Attorney General, Utah Attorney General's Office, Natural Resources Division.  
Witnesses: Dustin Doucet, Brad Hill, and John Rogers.

Counsel for the Petitioner – Thomas W. Clawson, MacDonald & Miller Mineral Legal Services, PLLC  
Witnesses: Mark Ballard, Jordan D. Wells, and Jason Anderson.

On Behalf of the Bureau of Land Management, Vernal Field Office - Catie Bucher



The Petitioner asked that the board approve the request as submitted. The BLM has spoken with the Ute Tribe and the BIA and they support the request. The Division supports this request. The Board granted the motion by a vote of three to one. Mr. Gordon L. Moon had the dissenting vote. Ruland J. Gill, Jr., Chairman, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon were present to hear the matter and participate in the vote. Mr. Clawson will prepare the order.

The meeting adjourned at 4:43 p.m.