

JUNE 22, 2016, MEETING MINUTES
OF THE REGULARLY 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, June 22, 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/xTarzMq-N_g, and the link for the Board Hearing is <https://youtu.be/VGON3qzNA88>.

ATTENDEES:

Board of Oil, Gas, and Mining:

Ruland J. Gill, Jr, Chairman
Richard K. Borden
Michael R. Brown
Susan S. Davis
Chris D. Hansen – Excused
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
Brad Hill, Permit Mgr., Oil and Gas Program
Dustin Doucet, Petroleum Engineer, Oil and Gas Program
Dayne Doucet, Petroleum Engineer, Oil and Gas Program
Josh Payne, Oil and Gas Program
Randy Thackeray, Oil & Gas Program

Fabian VanCott

H. Michael Keller, Esq.
Matthew S. Brahana, Esq.

Axia Energy II, LLC

Rick Gallegos, Vice President of Land and Business Development
Adam Sayers, President and Founder
Brian Berwick, Senior Geologist
Taryn Frenzel, Vice President of Completions and Engineering

Beatty & Wozniak, P.C.

David P. Bolda, Esq.

Newfield Production Company

Mike Jensen, Engineering Advisor

MacDonald & Miller Mineral Legal Services, PLLC

Thomas W. Clawson, Esq.

Crescent Point Energy U.S. Corp

Jordan Wells, Staff Landman
Katherine Matthews, Sr. Development Engineer
Kelly Bruchez Geologist

BRIEFING SESSION:

The Chairman, Ruland J. Gill, Jr., called the meeting to order at 8:45 a.m. Mr. John R. Baza, Director, conducted the Briefing Session.

1. Update on Hydraulic Fracturing Rule Litigation

Mr. John Robinson, Assistant Attorney General, Utah Attorney General's Office, Natural Resources Division, gave an update on hydraulic fracturing litigation. The states and industry won the fracking case, the judge vacated the BLM's rule because fracking is outside the BLM's authority. It is expected that the BLM and citizen groups will appeal the decision.

2. Other

Mr. Steve Schneider, Admin. Policy Coordinator, gave an update on the status of rule making efforts to modify the undesirable events rule. The current status is that the rule is under review for 30 days, the Division will have another update for the Board at the July meeting.

3. Next Month's Agenda and Division Calendar

No discussion.

4. Opportunity for Public Comment

The Chairman opened the meeting for public comment. Seeing none, the briefing session adjourned at 9:03 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 9:30 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. 2016-011 Cause No. 139-138](#) – In the matter of the Request for Agency Action of AXIA ENERGY II, LLC for an order modifying the Board's orders entered in Cause Nos. 131-14, 139-42, 139-90 to establishing special 2,560 acre (or substantial equivalent) drilling units for the production of oil, gas and associated hydrocarbons from the Lower Green River-Wasatch (Colton) Formations, comprised of Sections 27, 28, 33 and 34, and Sections 29 through 32, respectively, Township 2 South, Range 1 West, USM, Duchesne and Uintah Counties, Utah.
(This matter was continued from the May 25, 2016, Board hearing.)

Time: 9:27 a.m. to 2:06 p.m.

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

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

Counsel for the Petitioner, Axia Energy II, LLC – H. Michael Keller, and Matthew S. Brahana, Fabian VanCott.

Witnesses: Rick Gallegos, Adam Sayers, Brian Berwick, and Taryn Frenzel.

Counsel for the Respondent, EP Energy E&P Company, L.P. – Phillip Wm. Lear, Esq., Lear & Lear PLLC.

Counsel for the Respondent, Newfield Production Company – David P. Bolda, Esq.,
Beatty & Wozniak, P.C.
Witness: Mike Jensen

The Board approved the Request for Agency Action as written by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Mr. Michael R. Brown, Ms. Susan S. Davis, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Chris D. Hansen was excused. Mr. H. Michael Keller will prepare the order.

2. [Docket No. 2016-012 Cause No. 131-145](#) – In the matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORP for an order authorizing the flaring of gas in excess of the amounts allowed under Utah Admin. Code Rule R649-3-20(1.1) from the Gardner State 1-26-3-2E Well located in the NE¼NE¼ of Section 26 in Township 3 South, Range 2 East, USM, Uintah County, Utah.

(This matter was continued from the May 25, 2016, Board hearing.)

Time: 2:06 p.m. - 2:12 p.m.

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

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

Counsel for the Petitioner – David P. Bolda, Beatty & Wozniak, P.C.

Mr. Bolda gave an update on the status of installation of the temporary pipeline and requested approval of flaring until the end of the month or until the wells are tied in with the pipeline, whichever is first.

The Board approved the petitioner’s request by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Mr. Michael R. Brown, Ms. Susan S. Davis, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Chris D. Hansen was excused. Mr. David Bolda will prepare the order.

3. [Docket No. 2016-014 Cause No. 131-146](#) – In the matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORPORATION for an order: (1) Approving unit operations and enhanced and secondary recovery operations in the Lower Green River and Green River-Wasatch Formations in the NW1/4 and S1/2 of Section 15, and the N1/2 of Section 16, Township 4 South, Range 2 East, U.S.M., Uintah County, Utah, and the underground injection of water into said formations, and certifying such operations as an enhanced recovery project; and (2) Vacating the order in Cause No. 142-13 establishing increased well density for said lands and portions of said formations.

Time: 2:12 p.m. - 3:34 p.m.

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

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

Counsel for the Petitioner – Thomas W. Clawson, Esq., MacDonald & Miller Mineral Legal Services, PLLC

Witnesses: Jordan Wells, Katie Matthews, and Kelly Bruchez.

The Division supports the request. The Board approved the petitioner’s request as submitted by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Mr. Michael R. Brown, Ms. Susan S. Davis, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Chris D. Hansen was excused. Mr. Thomas W. Clawson will prepare the order.

4. [Docket No. 2016-015 Cause No. 131-147](#) – In the matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORPORATION for approval of enhanced and secondary recovery operations in the Lower Green River and Green River-Wasatch Formations in Section 17, Township 3 South, Range 1, East, U.S.M., Uintah County, Utah, for authority for underground injection of water, and certification as an enhanced recovery project.

Time: 3:34 p.m. - 3:35 p.m.

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

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

Counsel for the Petitioner – Thomas W. Clawson, Esq., MacDonald & Miller Mineral Legal Services, PLLC

Counsel for the Respondents – Anthony T. Hunter, Esq., Attorney for International Petroleum Limited Liability Company, and BRO Energy, LLC. Not present.

This matter has been continued to the July 27, 2016, Board Hearing.

5. [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.

Time: 3:35 p.m. - 3:38 p.m.

Board Members present – Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was 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, and John Robinson Jr, Assistant Attorneys 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 reported on the status of negotiations, and requested that the matter be continued to the July 27, 2016 Board hearing.

The Board granted the continuance by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Mr. Michael R. Brown, Ms. Susan S. Davis, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Chris D. Hansen was excused.

6. [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: 3:38 p.m. to 3:40 p.m.

Board Members present – Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was 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, and John Robinson Jr, 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 Docket No. 2016-007 Cause No. 131-143 and Docket No. 2016-008 Cause No. 131-144 be combined into one matter, and that the matter be continued to the July 27, 2016 Board hearing.

The Board granted the request to combine Docket No. 2016-007 Cause No. 131-143, and Docket No. 2016-008 Cause No. 131-144 by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Mr. Michael R. Brown, Ms. Susan S. Davis, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Chris D. Hansen was excused.

The meeting adjourned at 3:40 p.m.

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.