

SEPTEMBER 28, 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, September 28, 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/EZFi8knkrhY>, and the link for the Board Hearing is <https://youtu.be/IBWf-PZcHq0>.

ATTENDEES:

Board Members:

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

Western Energy Alliance
Lowell Braxton

Utah Petroleum Association
Lee Peacock

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

Beatty & Wozniak, P.C.
David P. Bolda, Esq.

Fox Rothschild LLP
Brent D. Chicken, Esq.

Utah Attorney General's Office, Natural Resources Division:

Michael S. Johnson, AAG, representing the Board
Steven F. Alder, AAG, representing the Division
Meg Osswald, O'Hara Scholar

Division of Oil, Gas and Mining:

John R. Baza, Division Director
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
Hollie Brown, Public Information Officer
Brad Hill, Permit Mgr., Oil and Gas Program
Dustin Doucet, Petroleum Engineer, Oil and Gas Program
Josh Payne, Oil and Gas Program

Axia Energy II, LLC
Rick Gallegos, Vice President of Land and Business Development
Adam Sayers, President and Founder
David Schmude, Vice President of Geology
Taryn Frenzel, Vice President of Completion and Engineering

EP Energy E&P Company, L.P.
Michael J. Walcher, Land Advisor
Angela D. Kennedy, Senior Geologist
Steven A. Biancardi, Reservoir Engineering Advisor

BRIEFING SESSION:

The Chairman, Ruland J. Gill, Jr., called the meeting to order at 9:00 a.m. Mr. John R. Baza, Director of the Division of Oil, Gas, and Mining, conducted the briefing session.

1. Discussion of OSM and OGM Interactions
Ms. Dana Dean briefed the board on interactions between the Office of Surface Mining and the Division of Oil, Gas and Mining. OSM is an oversight agency for the Division.
2. Proposed Board Hearing Schedule for 2017
The Board was briefed on the proposed hearing schedule for 2017. The Board will be asked to approve the schedule at the next regularly scheduled meeting on October 26, 2016.
3. Other
 - Discussion of Board's Holiday Social.
4. Next Month's Agenda and Division Calendar
 - IOGCC Annual Conference, Little Rock, AK.
 - Collaborative meeting, Duchesne, UT, on October 13th.
 - The next Board Hearing is on October 26th.
 - Funding Meeting on October 25th.
 - The November/December combined monthly hearing will be on December 7th.
5. Opportunity for Public Comment
The Chairman opened the meeting for public comments. Seeing none, the briefing session adjourned at 9:38 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. 2016-019 Cause No. RO&G-2016-01](#) – In the matter of Formal Rulemaking to repeal and re-enact as modified the Oil and Gas Regulatory Program Rule for Reporting of Undesirable Events, R649-3-32.

Time: 10:02 a.m. - 10:09 a.m.

Board Members present – Ruland J Gill, Jr., Chairman, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Richard K. Borden, 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, and Melissa L. Reynolds, Assistant Attorney General, Utah Attorney General’s Office, Natural Resources Division.
Witness: Steven S. Schneider.

This matter has been through the informal rule-making process. The Board was briefed on this matter last month. The official formal comment period runs from September 15th to October 17th. Today we are accepting public comments at the hearing, as well as written comments until October 17. Comments were taken from Lee Peacock, President of the Utah Petroleum Association, and from Lowell Braxton, Western Energy Alliance. The Board is asked to continue the matter until next month.

The Board continued the matter to the October 26, 2016, Board Hearing by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Michael R. Brown, Mr. Chris D. Hansen, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Richard K. Borden and Ms. Susan S. Davis were excused.

2. [Docket No. 2016-016 Cause No. 222-17](#) – In the matter of the Notice of Agency Action for an Order forfeiting a surety bond provided by PATMOS ENERGY, LLC and authorizing the Division to plug and reclaim three wells located in Sections 7 and 17, Township 14 South, Range 14 East and in Section 14, Township 15 South, Range 14 East, in Carbon County, Utah.
(This matter was continued from the August 24, 2016, Board hearing.)

Time: 10:09 a.m. - 10:10 a.m.

Board Members present – Ruland J Gill, Jr., Chairman, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Richard K. Borden, 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, and Melissa L. Reynolds, Assistant Attorney General, Utah Attorney General’s Office, Natural Resources Division.

Counsel for the Respondent – Thomas N. Crowther, THOMAS N. CROWTHER, P.C., Attorney for Patmos Energy, LLC., Not present.

A stipulated motion to continue the hearing for this matter has been filed. The Board noted the motion.

3. [Docket No. 2016-017 Cause No. 139-139](#) – In the matter of the Request for Agency Action of AXIA ENERGY II, LLC for an order pooling all interests, including the compulsory pooling of certain non-consenting or unlocatable owners, in two 1,280-acre (or substantial equivalent) drilling units established by the Board's order in Cause No. 139-138 in Sections 29 and 32, and 28, and 33, Township 2 South, Range 1 West, USM, Duchesne County, Utah.

Time: 10:10 a.m. - 2:25 p.m.

Board Members present – Ruland J Gill, Jr., Chairman, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Richard K. Borden, 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, Josh Payne, and John Rogers.

Counsel for the Petitioner – H. Michael Keller, and Matthew S. Brahana, Fabian VanCott. Witnesses: Rick Gallegos, and Adam Sayers.

The Petitioner is requesting pooling lands established by the Board in Cause No. 138-138. The Board approved Phase 1 of the Petitioner's Request for Agency Action as submitted, and took Phase 2 under advisement. A decision regarding Phase 2 may be issued at a later date. The vote was unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Michael R. Brown, Mr. Chris D. Hansen, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Richard K. Borden and Ms. Susan S. Davis were excused.

4. [Docket No. 2016-018 Cause No. 139-140](#) – In the matter of the Amended and Restated 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 establish 1,280-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 25 through 36 of Township 2 South, Range 2 West, USM and Sections 25 through 28 and 33 through 36, of Township 2 South, Range 3 West, USM, all in Duchesne County, Utah.

Time: 2:25 p.m. – 7:40 p.m.

Board Members present – Ruland J Gill, Jr., Chairman, Michael R. Brown, Chris D. Hansen, Carl F. Kendell, and Gordon L. Moon. Richard K. Borden, 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, Josh Payne, and John Rogers.

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

Witnesses: Rick Gallegos, Adam Sayers, David Schmude, and Taryn Frenzel.

Counsel for the Respondent, EP Energy E&P Company, L.P. – Brent D. Chicken, Fox Rothschild LLP

Witnesses: Michael J. Walcher, Angela D. Kennedy, and Steven A. Biancardi.

The Petitioner, Axia Energy II, LLC, requests an order modifying the Board's orders entered in Cause Nos. 131-14, 139-42, 139-90 to establish 1,280-acre drilling units for oil, gas and hydrocarbons from the Lower Green River-Wasatch (Colton) formations. The Respondent, EP Energy E&P Company, L.P., requests that the board deny the petitioner’s request. The Board took the matter under advisement. Mr. Ruland J Gill, Jr., Chairman, Mr. Michael R. Brown, Mr. Chris D. Hansen, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing and vote on the matter. Mr. Richard K. Borden and Ms. Susan S. Davis were excused.

The meeting adjourned at 7:40 p.m.