

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



A public meeting will be held on Wednesday, October 26, 2016, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah. The meeting will be streamed live on the Department of Natural Resources YouTube channel. The link for the Briefing Session is <https://youtu.be/cnCiQKW6r0Y>, and the link for the Board Hearing is https://youtu.be/hQ1slG_t39Y.

ATTENDEES:

Board Members:

Ruland J. Gill, Jr, Chairman
Richard K. Borden
Michael R. Brown, Excused
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
Melissa Reynold, AAG, representing the Division
Meg Osswald, AAG, representing the Division

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

Western Energy Alliance

Lowell Braxton

Utah Petroleum Association

Lee Peacock

MacDonald & Miller Mineral Resources PLLC

Frederick M. MacDonald, Esq.

EP Energy E&P Company, L.P.

Thomas L. Muchard, Business Director

John D. DeWitt, Jr., Staff Landman

Jeff Crozier, Landman

Randy Freston, President of Outlaw Engineering, Inc., Contract Surveyor and Drillsite Location Engineer for EPE

Brent L. Baker, Staff Drilling Engineer

Landowners

Dan and Carol Stevenson

Parl Stevenson

BRIEFING SESSION:

The Chairman, Ruland J. Gill, Jr., called the meeting to order at 9:10 a.m. Mr. John R. Baza, Director of the Division of Oil, Gas, and Mining, conducted the briefing session.

1. Report from Interstate Oil and Gas Compact Commission and Ground Water Protection Council

Mr. Jerry Baker, Associate Executive Director of the Interstate Oil and Gas Compact Commission (IOGCC), gave the Board a presentation on how the IOGCC was formed and how it functions with the States. There are thirty-eight member states, and they meet and work together to minimize waste and promote environmental protection.

Mr. Mike Pake of the Ground Water Protection Council (GWPC) gave the Board a presentation on what GWPC does. The GWPC has 48 state members, and they work to ensure best use of management practices and fair but effective laws regarding comprehensive ground water protection. Their States First Initiative is key in regulatory innovation.

2. Proposed Board Hearing Schedule for 2017

The Division asked the Board to approve the proposed hearing schedule for 2017. The Board approved the schedule.

3. Other

There were no "Other" items reported.

4. Next Month's Agenda and Division Calendar

- The Board's Holiday Social Open House will be held the evening of the December board meeting.

5. Opportunity for Public Comment

Comments were taken from Mr. Lowell Braxton, Western Energy Alliance, and Mr. Lee Peacock, Utah Petroleum Association, regarding new Ballard City ordinances pertaining to oil and water well drilling.

Mr. Steve Styler, on behalf of Kinder-Morgan, expressed appreciation for the help given by the Division on the rule change matter for undesirable events

The briefing adjourned at 10:00 a.m. The formal session will begin at 10:10.

FORMAL SESSION:

The Chairman, Ruland J. Gill, Jr., called the formal session of the Board of Oil Gas and Mining hearing to order at 10:19 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. 2016-016 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 September 27, 2016, Board hearing.)

Time: 10:19 a.m. to 10:22 a.m.

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

Witness: Josh Payne.

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

The Division requested that the Board approve a motion to continue to the December 7th Board hearing. The Board approved the motion by unanimous vote. Mr. Ruland J Gill,

Jr., Chairman, Mr. Richard K. Borden, Ms. Susan S. Davis, 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. Michael R. Brown was excused. This matter is continued to the regularly scheduled meeting of the Board of Oil, Gas and Mining on December 7, 2016.

2. [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.

(This matter is continued from the September hearing. The public comment period closed October 17, 2016. The Board will consider approval or other action.)

Time: 10:21 a.m. to 10:25 a.m.

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

The Division requested the Board enter an order approving the Rule, effective November 1, 2016. The Board approved the matter by unanimous vote. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Ms. Susan S. Davis, 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. Michael R. Brown was excused. Mr. Steven S. Alder will prepare the order.

3. [Docket No. 2016-020 Cause No. 139-141](#) – In the matter of the Request for Agency Action of EP ENERGY E&P COMPANY, L.P. for Board review and modification of the Division of Oil, Gas and Mining’s conditional approval of the applications for permit to drill the Stevenson 2-25A5 Well, to be located in the SE¹/₄SE¹/₄ of Section 25, Township 1 South, Range 5 West, USM, and the Stevenson Family Trust 3-29A4 Well, to be located in the SW¹/₄NW¹/₄ of Section 29, Township 1 South, Range 4 West, USM, Duchesne County, Utah.

Time: 10:25 a.m. to 8:58 p.m.

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

Witnesses: Dan and Carol Stevenson, Parl Stevenson, Dustin Doucet, Brad Hill, Josh Payne, and Dennis Ingram.

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

Witnesses: John D. DeWitt, Jr., Jeff Crozier, Randy Freston, and Brent L. Baker.

On Behalf of EPE – Thomas Muchard, Business Director.

The Petitioner presented testimony and evidence challenging permit conditions required by the Division on two applications for permit to drill (APD). The Board heard testimony and evidence from both sides, and adjourned without making a decision. Mr. Ruland J Gill, Jr., Chairman, Mr. Richard K. Borden, Ms. Susan S. Davis, Mr. Chris D. Hansen, Mr. Carl F. Kendell, and Mr. Gordon L. Moon were present to participate at the hearing. Mr. Michael R. Brown was excused.

The meeting adjourned at 8:58 p.m.