

DECEMBER 7, 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, December 7, 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/UNox8BV1k4A>, and the link for the Board Hearing is <https://youtu.be/4SyXF2qTquQ>.

ATTENDEES:

Board Members:

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
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
James Owen, Assistant 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

Members of the Public

Fred Evans, a resident of Altamont
Lisa Stevens, a resident of Salt Lake

BRIEFING SESSION:

The Chairman, Ruland J. Gill, Jr., called the meeting to order at 9:05 a.m. Mr. John R. Baza, Director of the Division of Oil, Gas, and Mining, conducted the briefing session.

1. Miscellaneous Federal Update

Mr. John Baza gave the Board an update on current Federal rulemaking actions such as BLM's methane recovery venting and flaring rule, EPA's Circla 108-B, which requires bonding for mining companies, and OSM's stream protection rule.

2. Other

- Employee Retirements this month include Mrs. Rose Nolton, Mrs. Ruby Jo Anderson, and Mr. Steve Schneider. Mr. Schneider's retirement party will be held on December 21st at 1:30 p.m., and the retirement parties for Mrs. Nolton and Mrs. Anderson will be held the following day at 11:00 a.m. and 1:00 p.m. respectively. The Board is invited to attend the retirement functions.
- Mr. James Owen will be replacing Mr. Steve Schneider on a part time basis for the next six months. Mr. Owen is a third year law student. He has an MBA, and prior experience working for the Division in the Mining Program, and with Mr. Schneider on rulemaking and legislative issues.
- Discussion of budget issues.
- Ms. Hollie Brown reported on the Earth Day Award nomination process. The Division has sent out a call for nominations. The Division will accept nominations through January 31st.
- Mr. Baza reported that the Division is conducting a review of the Minerals Program Rules and has plans to conduct public outreach and possibly proceed to informal rulemaking if desired as a result of outreach.
- Discussion of Board Member Terms.
- The Board's annual holiday open house is today from 4:00 to 6:00 p.m.
- Discussion of the Division's annual customer service satisfaction survey.

3. Next Month's Agenda and Division Calendar

- The next Uintah Basin Collaborative Group meeting will be held on January 12, 2017, at the Duchesne Event Center.
- The next board hearing will be held on January 25, 2017.
- The Legislative Session begins on January 23, 2017, and ends on March 9, 2017.

4. Opportunity for Public Comment

The Chairman opened the meeting for public comment.

Fred Evans, a resident of Altamont, came forward to address the Board about the fairness of royalty issues regarding horizontal wells being drilled on property rights he owns. The Board discussed the matter with Mr. Evans. The Board suggested a joint meeting with the Division to discuss the specifics of the case.

Ms. Lisa Stevens, a resident of Salt Lake, owns property rights in the Deep Creek area. Ms. Stevens addressed the Board regarding concerns over reallocated mineral interests. The Board recommended a meeting with the Division to determine fairness.

The Chairman adjourned the meeting at 9:57 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. 2016-005 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.

Time: 10:15 a.m. to 10:28 a.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 Melissa L. Reynolds, Assistant Attorneys General, Natural Resources.

Witnesses: Josh Payne, and Dustin Doucet.

Counsel for Hinto Energy, Inc.: Daniel S. Sam, Law office of Sam, Reynolds & Evershed, P.C. Not present.

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

The Division and Hinto Energy, Inc, jointly filed a Motion to Stay Entry of Judgment. The Board approved the motion 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.

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 October 26, 2016, Board hearing.)

Time: 10:28 a.m. to 10:33 a.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 – Melissa L. Reynolds, Assistant Attorney General, Utah Attorney General’s Office, Natural Resources Division.

Witness: Josh Payne and Dustin Doucet.

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

The Division and Patmos Energy LLC filed a Stipulation for Dismissal of Notice of Agency Action. The Board approved the stipulation 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.

3. [Docket No. 2016-021 Cause No. S/023/0104](#) – In the matter of: reclamation at the Champlin #1 mine, permit no. S/023/0104, operated by Nephi Sandstone Corp., located in Sections 33 and 34, Township 13 South, Range 4 West, SLBM, Tanner Creek Narrows, in Juab County, Utah.

Time: 10:33 a.m. to 10:46 a.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, Melissa L. Reynolds, and Meg Osswald, Assistant Attorneys General, Natural Resources.
Witnesses: Wayne Western.

Counsel for Nephi Sandstone Corp.: not present.

Counsel for Zion's Bank: Brent A. Waite, ZB, N.A., Corporate Legal Services. Not present.

The Division and Nephi Sandstone Corporation filed a Motion and Proposed Order to Approve the Stipulation and Entry of Judgement. The Board approved the Stipulation and Entry of Judgement 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 10:46 a.m.