

MARCH 22, 2017 MEETING MINUTES
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, March 22, 2017, 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/xHEM2NWhRsY>, and the link for the Board Hearing is <https://youtu.be/he0E8nGFgVA>.

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
James Owen, Research Consultant
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, Compliance and Enforcement, Oil and Gas Program

Earth Day Nominees:

Lynn Kunzler, Mining Program, Oil, Gas and Mining, on behalf of Alpine Gems, LLC
Vicky Miller, Canyon Fuel Co., Sufco Mine
Craig Rasmussen, Wildlife Biologist, Richfield Ranger Project, U.S. Forest Service

Earth Day Nominees continued:

Zeb Kenyon, Rio Tinto
Casey McKee, Anadarko Petroleum Corp
Frank Eaton, Anadarko Petroleum Corp
John Spencer, Simplot Phosphates, Vernal phosphates operation

Beatty &, Wozniak, P.C

David P. Bolda, Esq., Attorney for Axia Energy II, LLC

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 Completions and Engineering

Fox Rothschild LLP

Brent D. Chicken, Esq., Attorney for EP Energy E&P Company, L.P., and Crescent Point Energy U.S. Corporation

EP Energy E&P Company, L.P.

Michael J. Walcher, Land Advisor
Steven A. Biancardi, Reservoir Engineering Advisor

Crescent Point Energy U.S. Corporation

Jordan Wells, Landman
Kelly Bruchez, Senior Geologist
Mark Ballard, Development Engineer.

MacDonald & Miller Legal Services, PLLC

Frederick M. MacDonald, Esq., Attorney for Newfield Production Company

Holland & Hart LLP.

Mark L. Burghardt, Esq., Holland & Hart LLP., Attorney for Newfield Production Company

Rock & Stone, LLC

Cliff Read, Manager

Counsel for the Pinders, Landowners

Brent Gold, Esq.

BRIEFING SESSION

The Chairman, Mr. Ruland J Gil, Jr., called the meeting to order at 8:30 a.m.:

1. Legislative Update

Mr. James Owens, Legislative Liaison, updated on the Board on the Legislative session, which ended on March 9, 2017. He reported on Energy and Mineral resolutions and one Administrative Bill. Senate Bill 191 and Senate Bill 189 are amendments to oil and gas rules. House Bill 11 is an administrative rule change which removes political party affiliation for Board Members.

Mr. John Baza reported on the Division's Budget. This year the legislature has continued the funding they provided last year, but we need to cut to our travel budget.

2. Earth Day Presentations

Hollie Brown, PIO, introduced the Earth Day nominees who have been invited to give a presentation to the Board. There were five presentations in the following order:

- | | |
|---|--|
| 1. Alpine Gems, LLC | Butler Valley Quarries |
| 2. Canyon Fuel Co. – Sufco Mine | Sufco Mine |
| 3. Rio Tinto | East Waste Rock Expansion Project |
| 4. Anadarko Petroleum Corp
and Seeding | Greater Natural Buttes – GNB Reclamation |
| 5. Simplot Phosphates | Vernal Phosphates Operation |

A meeting will be held during a working luncheon in room 1010 to determine next month's Earth Day award winners.

3. Other

- Mike Bradley and Sheryl Bradley, both employees in the Minerals Program, recently passed away. Condolences to the family and recognize that this is a loss to the Division.
- Melissa Reynolds, who has been our O'Hara Scholar, has landed a job in the AG's office, we wish her the best in her new job.
- The next field trip for the Board will take place in the Uintah Basin in May. The Hearing will be in Vernal, Utah. We will visit the Deseret power plant.

4. Next Month's Agenda and Division Calendar

- The next Board hearing will be on Wednesday, April 26, 2017.

5. Opportunity for Public Comment

The Chairman opened the meeting for public comment. Seeing that there were no comments, the meeting was adjourned at 9:49 a.m.

The Board heard the following Matters at 10:00 a.m.:

1. [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: 10:02 a.m. to 11:42 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, Assistant Attorney General, Utah Attorney General's Office, Natural Resources Division.
Witnesses: Dustin Doucet, Brad Hill, and John Rogers.

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

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

Counsel for the Respondent, Newfield Production Company – Frederick M. MacDonald, Esq., MacDonald and Miller Mineral Legal Services PLLC

The Board granted the request for reconsideration as agreed to by the parties. The vote was unanimous. Mr. Frederick M. MacDonald, Esq., will prepare the order. Ruland J Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on the matter. Chris D. Hansen was excused.

2. [Docket No. 2017-007 Cause No. 131-150](#) – In the matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORPORATION for an order amending the Board's order in Docket No. 2017-002, Cause No. 131-149 to cover additional lands, establish additional 40-acre, overlapping 640-acre and overlapping "stand up" 1,280-acre drilling units, and authorize adjustment of overlapping "stand up" 1,280-acre drilling units, for the production of oil, gas and associated hydrocarbons from the Lower Green River and Green River-Wasatch Formations in portions of Townships 3 and 4 South, Range 2 East, U.S.M., Uintah County, Utah.

Time: 1:04 p.m. to 2:34 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: Steven F. Alder, Melissa L. Reynolds, and Meg Osswald, Assistant Attorneys General, Natural Resources.
Witnesses: Dustin Doucet, Brad Hill, and John Rogers.

Counsel for Crescent Point Energy U.S. Corporation: Brent D. Chicken, Esq., Fox Rothschild LLP
Witnesses: Jordan Wells, Kelly Bruchezt, Mark Ballard

The Petitioner requested that the Request for Agency Action be approved as written with the amendments as discussed today. The Division supports the request with the suggested modifications. The Board granted the Petitioner's request, with the suggested modifications, by unanimous vote. Ruland J Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on the matter. Chris D. Hansen was excused.

3. [Docket No. 2017-008 Cause No. 139-143](#) – 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, 131-24, 139-42, 139-84, 139-90 and 139-135 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, 26, 35 and 36 of Township 2 South, Range 1 West, USM and Sections 27 through 34 of Township 2 South, Range 1 East, USM, all in Uintah County, Utah.

Time: 2:59 p.m. to 5:00 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, Melissa L. Reynolds, and Meg Osswald, Assistant Attorneys General, Natural Resources.

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

Counsel for the Petitioner Axia Energy II, LLC: David P. Bolda, Esq., Beatty & Wozniak, P.C.

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

Counsel for the first Respondent EP Energy E&P Company, L.P.: Brent D. Chicken, Esq., Fox Rothschild, L.P.

Counsel for the second Respondent Newfield Production Company: Mark L. Burghardt, Esq., Holland & Hart LLP.

The Board took the matter under advisement. The Board will issue a minute entry at a later date. Ruland J Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on the matter. Chris D. Hansen was excused.

4. [Docket No. 2017-006 Cause No. S/013/0008 A](#) – In the matter of Request by the Division to forfeit the surety held as a CD at Zions Bank; authorizing the Utah Attorney General to take such actions as necessary to collect the amount of the surety, collect fines from the operator; and authorizing use of the forfeited surety for reclamation of the Strawberry River mine, permit no. S/013/008, operated by Rock and Stone, LLC, located in the SE¼ of Section 16, Township 4 South, Range 7 West, USBM, in Duchesne County, Utah.

Time: 2:52 p.m. to 2:58 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, Melissa L. Reynolds, and Meg Osswald, Assistant Attorneys General, Natural Resources.

Witnesses: Leslie Hepler

Counsel for Rock & Stone, LLC: L. Clifton Read, Jr., Manager, Pro Se

Counsel for the Pinders, Landowners: Brent Gold, Esq.

A stipulation has been reached between all parties. The Division requested that the Board hold this matter in abeyance until a later date. The Board voted to hold this matter in abeyance by unanimous vote. Ruland J Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon were present to participate in the hearing and vote on the matter. Chris D. Hansen was excused.

5. [Docket No. 2017-003 Cause No. 283-01](#) – In the matter of the Request for Agency Action of TARIQ AHMAD challenging certain Notices of Violation issued by the Division of Oil, Gas & Mining.

(This matter is continued from the February hearing.)

Time: 5:00 p.m. to 5:01 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, Melissa L. Reynolds, and Meg Osswald, Assistant Attorneys General, Natural Resources.

Counsel for Tariq Ahmad: None present

This matter was dismissed by Board Order dated March 15, 2017.

The hearing adjourned at 5:01 p.m.

MARCH 22, 2017 MEETING MINUTES
WORKING LUNCHEON RE: EARTH DAY NOMINATIONS
OF THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

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

Division of Oil, Gas and Mining:

Julie Ann Carter, Board Secretary
John Rogers, Assoc. Director, Oil and Gas Program
Dana Dean, Assoc. Director, Mining Program
Hollie Brown, Public Information Officer
Sheri Sasaki, Administrative Assistant

Members of the Public:

None present.

The Chairman called the lunch meeting to order at 12:12 p.m.

Hollie Brown led the Board members in a discussion of the merits of each of the nominees presentations to determine which operators had met the requirements of an Earth Day Award. The Board decided to give Earth Day Awards to the following nominees:

- | | |
|---------------------------------|--|
| 1. Alpine Gems, LLC | Butler Valley Quarries |
| 2. Canyon Fuel Co. – Sufco Mine | Sufco Mine |
| 3. Rio Tinto | East Waste Rock Expansion Project |
| 4. Anadarko Petroleum Corp | Greater Natural Buttes – GNB Reclamation and Seeding |

Each nominee will receive an award at the next Board hearing on Wednesday, April 26, 2017. The meeting adjourned at 12:41 p.m.

Utah Division of Oil Gas & Mining

2017 Legislative Session



Updated 03/10/2017

Bill #	Bill Title	Bill Sponsor	Bill Purpose	Bill Status
Energy / Mineral Bills				
S.B. 189	Oil and Gas Operations- Amendments	Sen. Hinkins	This bill expressly preempts the authority of political subdivisions for the regulation of oil and gas operations, and states that the State occupies the field of regulation.	Did not pass
S.B. 191 - 2Sub	Oil and Gas Amendments	Sen. Okerlund	This bill allows the Board of Oil Gas & Mining to make an oil and gas drilling unit retroactive to the date of first production of an existing well located within a drilling unit, even if the retroactive date predates the Board's order establishing the drilling unit, if no party to the Board's proceedings objects. Such orders are binding on owners who receive proper notice. The bill also increases the range of the share of production for well pooling orders (now 100% to 400%). The bill also modifies the definition of "consenting owner" and "nonconsenting owner" to include the manner and time frame established by the Board.	Passed , Enrolled, waiting for Governor Signature
H.B. 457	Carbon Emissions Tax	Rep. Briscoe	Joke. Emissions tax on coal, and natural gas.	Did not pass
H.B 407	Utah Pubic Land Management Act Amendments	Rep. Noel	This bill modifies the previous prospectively created Utah Division of Land Management (within DNR) to be its own entitiy, the "Department of Land Management ("DLM"). The DLM will be staffed upon the State receiving 250,000 acres of federal lands.	Passed , Enrolled, waiting for Governor Signature
H.C.R. 11	Concurrent Resolution Urging the President to Rescind the Bears Ears National Monument Designation	Rep. Hughes	This resolution expresses strong opposition to the Bears Ears National Monument designation and urges the U.S. President to rescind.	2/3/2017: Governor Signed

H.C.R. 12	Concurrent Resolution Urging Federal Legislation to Reduce or Modify the Boundaries of the Grand Staircase-Escalante National Monument	Rep. Noel	This resolution expresses opposition to the manner in which the Grand Staircase-Escalante National Monument was designated, and urges legislative action from Washington to reduce or modify its boundaries. It also directs Garfield and Kane counties to consult with the BLM and map the minimum acreage necessary.	2/13/17: Governor Signed
Administrative Bills				
H.C.R. 1	Concurrent Resolution on Public Lands Litigation	Rep. Stratton	Concurrent resolution that encourages the pursuit of legal action establishing state sovereignty and equal footing, which would lead to the state obtaining control of federal public lands within the state of Utah.	Passed , Enrolled, waiting for Governor Signature
H.B. 11	State Boards and Commissions Amendments	Rep. Thurston	This bill removes political party affiliation requirements for 28 different State Boards and Commissions. This includes BOGM. Under this bill, Utah Code Section 40-6-4(2)(b) is amended to remove the language: "No more than four members shall be from the same political party." The bill also adds language that states that "the Governor and Senate may not consider or seek to discover the political affiliation of a person when considering the person for appointment". Thus, BOGM membership would no longer be limited to any particular balance of political party affiliation.	Passed , Enrolled, waiting for Governor Signature
H.C.R 13	Concurrent Resolution for Public Employees' Benefit and Insurance Program	Rep. Dunnigan	This concurrent resolution directs the Public Employees' Benefit and Insurance Program to maintain the current benefit design notwithstanding actuarial equivalency requirements	Passed , Enrolled, waiting for Governor Signature
	Data Breach Notification Requirements	Rep. Perry		Abandoned
	Family Leave Amendments	Rep. Romero		Did not pass
H.B. 207-S2	Federalism Amendments	Rep. Ivory	This bill requires legislators to attend a seminar on the principles of federalism and appropriates money for the development and expansion of a federalism curriculum	Did not pass

H.B. 399	Gov. Immunity Amendments	Rep. Snow	Provides that governmental immunity is preserved for an injury arising out of or in connection with, or resulting from, certain conduct or conditions even if immunity would otherwise be waived; enacts language specifying the relationship between an injury and certain conduct or conditions in determining whether immunity applies; allows a claimant to begin an action after the applicable time limit if a previous timely action failed or was dismissed, other than on the merits, and other conditions are met	Passed , Enrolled, waiting for Governor Signature
	Great Salt Lake Commission	Rep. Nelson	This bill has been abandoned	Abandoned
H.B. 336	Health Reform Amends	Rep. Dunnigan	Amends definitions of the Insurance Code	Passed , Enrolled, waiting for Governor Signature
S.B. 20	Phased Retirement Amends	Sen. Hemmert	Modifies Utah State Retirement and Insurance Benefit Act procedures for phased retirement	Passed , Enrolled, waiting for Governor Signature
	Public Recording Amends	Sen. Stephenson		Abandoned
S.B. 21	Retirement System Amends	Sen. Hemmert	Modifies Utah State Retirement and Insurance Benefit Act retiree notification and benefit conversions relating to retirement options	Passed , Enrolled, waiting for Governor Signature
S.B. 105	Sale of State Lands	Sen. Davis	Established a preference for leasing state land over selling state land	Did not pass

DRAFT APRIL AGENDA
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, April 26, 2017, 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 ____, and the link for the Board Hearing is _____.

The Division of Oil, Gas and Mining will conduct a Briefing Session at 9:00 a.m.:

1. Presentations of Earth Day Awards
(There will be a short break for a group photo)
 2. Other
 3. Next Month's Agenda and Division Calendar
 4. Opportunity for Public Comment
-

The Board will hear the following Matters at 10:00 a.m.:

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.

2. Docket No. 2017-009 Cause No. ACT/007/020 (05) – In re: Request by the Utah Division of Oil, Gas and Mining to: (1) Forfeit the reclamation surety; (2) Order the Division to proceed with a Trustees Sale, Foreclosure, or other Sale of the real property held as surety for the reclamation obligations and use the proceeds from the sale for reclamation of the Horizon Mine; (3) Authorize the Utah Attorney General to proceed as necessary to recover civil penalties from officers, directors, or agents of Hidden Splendor Resources, Inc., for failure to abate violations; and (4) Direct the Division and Utah Attorney General to take all necessary actions to require Alexander H. Walker III, and any other agents, owners, and controllers of Horizon Mine, to complete reclamation of the Horizon Mine, Permit No. ACT/007/020, located in Sections 13 and 17, Township 13 South, Range 8 East, SLM, Carbon County, Utah.

(more)

Board Hearing Agenda for April 26, 2017

3. Docket No. 2017-010 Cause No. 139-144 – 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 the interests of certain non-consenting and unlocatable owners, within two 1,280-acre drilling units established for the production of oil, gas and associated hydrocarbons from the Lower Green River-Wasatch (Colton) Formations, comprised of all of Sections 29 and 32, and 28 and 33 of Township 2 South, Range 2 West, U.S.M., Duchesne County, Utah.

