

JUNE 28, 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, June 28, 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 <https://youtu.be/Ub76HYBhKHQ>, and the link for the Board Hearing is <https://youtu.be/ea3XTAy060A>.

ATTENDEES:

Board Members:

Ruland J. Gill, Jr, Chairman, Excused
Chris D. Hansen, Vice Chair
Richard K. Borden
Michael R. Brown
Susan S. Davis
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
Meg Osswald, AAG, representing the Division

Division of Oil, Gas and Mining:

John R. Baza, Division Director, Excused
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, Oil and Gas Program

Fox Rothschild LLP:

Brent D. Chicken, Esq.

Crescent Point Energy U.S. Corporation:

Ryan Waller, Team Lead, Mineral Lead
Kevin P. Stephens, Senior Geologist
Keith Schetne, Development Engineer

MacDonald & Miller Mineral Legal Service, PLLC

Frederick M. MacDonald, Esq.
Relma M. Miller, Esq.,

Newfield Production Company

Reece D. Cook - Senior Landman
Lloyd H. Hetrick - Operations Engineering Advisor

Holland & Hart, LLP

Mark L. Burghardt, Esq.
William E. Ward, Esq.

Linn Energy Holdings, LLC

Kevin Woolley, Landman
Andrew Ritter, Senior staff production engineer

BRIEFING SESSION:

Vice-Chair Chris D. Hansen called the meeting to order at 9:00 a.m. Ms. Dana Dean, Associate Director, Mining Program, Division of Oil, Gas, and Mining, conducted the briefing session.

1. Incident Update

Mr. John C. Rogers, Associate Director, Oil and Gas, reported on a spill incident involving EP energy.

2. Other

- Introduction of new employees
 1. Tina Bennet, Tech in the AMR Program, replacing Cheryl Bradley who recently passed away.
 2. Seth Button, project manager in AML and archeologist.
 3. Natasha Ballif, Administrative Assistant for John Baza.

3. Next Month's Agenda and Division Calendar

- July 13, 2017, Uintah Basin Collaborative Group Meeting in Duchesne, Utah.
- August 15 and 16, 2017, Utah Mining Convention in Midway, Utah.
- August 31, 2017, Uintah Basin Energy Summit in Vernal, Utah.

4. Opportunity for Public Comment

Seeing that there were no comments, the Vice-Chair adjourned the Briefing Session at 9:30 a.m. The Board will take a 30 minute recess and the hearing will start at 10:00 a.m.

FORMAL SESSION:

Vice-Chair Chris D. Hansen 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. 2017-013 Cause No. RO&G-2017-01](#) – In the matter of Rulemaking to further define the manner in which an owner consents to the drilling and operation of a well and agrees to bear the owner's proportionate share of the costs as referenced in the recently-amended definitions of "Consenting Owner" and "Nonconsenting Owner" found at Utah Code Section 40-6-2(4) and 40-6-2(11).

Time: 10:02 a.m. to 10:06 a.m.

Board Members present – Chris D. Hansen, Vice-Chair, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Ruland J Gill, Jr., Chairman, 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 Meg Osswald, Assistant Attorneys General, Utah Attorney General's Office, Natural Resources Division.

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

Mr. Chris D. Hansen, Vice-Chair, read the following statement into the record:

“This rulemaking effort is the result of changes made last legislative session to the definition of 'Consenting Owner,' found in Utah Code 40-6-2. It will define the manner and the time frame in which an owner must elect to either lease its interests or participate in the drilling of a well in order to become a consenting owner. Because the statutory change took effect on May 9th, the Board adopted a temporary rule by that date, which specifies that an owner must respond to notice of an opportunity to lease or participate in writing within 30 days of notice being given. This temporary rule, found at Utah Administrative Code R649-2-9, is intended to govern only until such time as a final rule is adopted.”

“As part of an informal scoping process, the Board has asked the Division to reach out to the informal rules review group and the public generally for any proposals or other input on what the final rules should include. The Board anticipates that this informal process will take several

months and invites any interested party to participate. Although the Division will undertake informal outreach, the Board invites any party to submit comments or other input on this matter directly to the Board at any time.”

“Because the temporary rule lasts only 120 days and will expire on September 6, 2017, the Board intends to formally adopt that rule, pending its final rulemaking analysis in this cause. This will be done to ensure that the temporary rule continues to govern in the meantime. The Board will move forward with that process in the coming few months. "Adoption of the temporary language to bridge the gap until the final rulemaking analysis is complete will in no way affect these ongoing rulemaking proceedings.”

“This matter is on the agenda today merely to provide an update on where the rulemaking effort stands. The Board will not be taking action on this item today.”

Mr. Hansen opened the meeting for comments on this matter. Seeing no comments, the Board moved on to the next docketed item.

Mr. Chris D. Hansen, Vice-Chair, 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. Ruland J Gill, Jr., Chairman, was excused.

2. [Docket No. 2017-014 Cause No. 131-151](#) – 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. 2017-007, Cause No. 131-150 to cover an additional governmental section, establish 16 additional 40-acre drilling units therein, and establish 1 overlapping 640-acre drilling unit therein, for the production of oil, gas and associated hydrocarbons from the Lower Green River and Green River-Wasatch Formations in Section 17, Township 3 South, Range 1 East, U.S.M., Uintah County, Utah.

Time: 10:06 a.m. to 11:13 a.m.

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

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

Counsel for Crescent Point Energy U.S. Corporation – Brent D. Chicken, Esq., Fox Rothschild LLP

Witnesses: Ryan Waller, Kevin Stephens, and Keith Schetne. The witnesses participated via teleconference.

The Petitioner asked that the Board approve the Request as presented. The Division had no objection and supports the Request. The Board approved the request by unanimous vote. Mr. Brent Chicken will prepare the Order. Mr. Chris D. Hansen, Vice-Chair, 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. Ruland J Gill, Jr., Chairman, was excused.

3. [Docket No. 2017-015 Cause No. 139-145](#) – In the matter of the Request for Agency Action of NEWFIELD PRODUCTION COMPANY for an order granting an exception location for the Knoll 13-10-4-2-15-7H short lateral horizontal well located in Sections 10 and 15, Township 4 South, Range 2 West, USM, Duchesne County, Utah.

Time: 11:20 a.m. to 11:48 a.m.

Board Members present – Chris D. Hansen, Vice-Chair, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Ruland J Gill, Jr., Chairman, 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 Meg Osswald, Assistant Attorneys General, Utah Attorney General's Office, Natural Resources Division.

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

Counsel for Newfield Production Company – Frederick M. MacDonald, Esq., and Relma M. Miller, Esq., MacDonald & Miller Mineral Legal Service, PLLC.

Witnesses: Reece D. Cook, and Lloyd H. Hetrick.

The Division supports Newfield's request as submitted. The Petitioner asked that the Board approve the Request. The Board approved the request by unanimous vote. Mr. Chris D. Hansen, Vice-Chair, 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. Ruland J Gill, Jr., Chairman, was excused. Mrs. Miller will prepare the order.

4. [Docket No. 2017-016 Cause No. 139-146](#) – In the matter of the Request for Agency Action of LINN ENERGY HOLDINGS, LLC for an order force pooling the interests of all owners refusing or failing to bear their proportionate share of the cost of drilling and operating the Galloway 3-11B2 Well, located in the drilling spacing unit for production of oil, gas, and associated hydro-carbons from the Lower Green River and Wasatch Formations covering all of Section 14, Township 2 South, Range 2 West, USM, Duchesne County, Utah.

Time: 1:16 p.m. to 3:18 p.m.

Board Members present – Chris D. Hansen, Vice-Chair, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Ruland J Gill, Jr., Chairman, 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 Meg Osswald, Assistant Attorneys General, Utah Attorney General’s Office, Natural Resources Division.
Witnesses: Brad Hill, Dustin Doucet, Josh Payne, and John Rogers.

Counsel for Linn Energy Holdings, LLC – Mark L. Burghardt, Esq., and William E. Ward, Esq., Holland & Hart, LLP.
Witness: Kevin Woolley, and Andrew Ritter.

The Petitioner requested approval of the Request for Agency Action, with the understanding that the Petitioner will file the Affidavit of Publication, showing that the updated list of unlocatable owners was published in the *Uintah Basin Standard*, and an affidavit detailing what additional efforts have been undertaken regarding the unlocatables, and including the updated weighted royalty. The Board approved the request with conditions that the petitioner file aforementioned materials. The Board approved the request by unanimous vote. Mr. Burghardt will prepare the order. Mr. Chris D. Hansen, Vice-Chair, 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. Ruland J Gill, Jr., Chairman, was excused.

The hearing adjourned at 3:18 p.m.

DRAFT JULY AGENDA
HEARING EXAMINER PUBLIC MEETING
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, JULY 26, 2017, in rooms 1050 and 1060 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 Board of Oil, Gas and Mining (“Board”), State of Utah, pursuant to Utah Administrative Code R641-113-100, has designated a hearing examiner to conduct the hearing. The Hearing Examiner will hear the following Matter at 10:00 a.m.:

1. Docket No. 2017-017 Cause No. 139-147 – 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 three 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 25 and 26, and 33 and 34 of Township 2 South, Range 3 West, U.S.M.; and Sections 30 and 31 of Township 2 South, Range 1 West, U.S.M., Duchesne County, Utah.

(The Board will consider the recommended findings of fact and conclusions of law generated by the hearing examiner at the August 23, 2016, Board Hearing.)

