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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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November 8, 2010

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SECRETARY, BOARD OF
OIL, GAS & MINING

TO: The Board of Oil, Gas and Mining

FROM: John Rogers, Associate Director, Oil and Gas *JR*
Dustin Doucet, Petroleum Engineer *DD*
Brad Hill, Permitting Manager/Geologist *BH*
Clinton Dworshak, Compliance Manager/Geologist

RE: Staff Memorandum to the Board for Docket No. 2010-029
Cause No. UIC-358.1

The Oil and Gas staff of the Division of Oil, Gas and Mining (Division) has reviewed the referenced matter which will be presented to the Board of Oil, Gas and Mining (Board) during the December 8, 2010, hearing. With this memorandum, the Division summarizes its consideration of the matter.

Summary of Requests for Agency Action

Westwater Farms LLC (Westwater), with legal representation by Thomas W. Clawson of Van Cott, Bagley, Cornwall & McCarthy is requesting an order from the Board approving the Harley Dome #1 SWD well (subject well) as a Class II injection well and authorizing the underground injection of produced water for the purpose of water disposal. The subject well is located in Section 10, Township 19 South, Range 25 East, Grand County, Utah.

Comments from Staff Review of Request

The standards for Class II injection approval are set out in R649-5.

Notice that the Division was commencing an informal adjudicative proceeding to consider administrative approval of the subject well as a Class II injection well was published in the Salt Lake Tribune on August 23, 2010 and in the Moab Times on August 26, 2010. Four letters of comment and/or protest were received by the Division as a result of the published notice. R649-5-3.4 requires that the application be set for a hearing by the Board if written objections are filed with the Division.

The Division received four letters containing comments and/or objections regarding the subject well. Letters were sent in by the Moab District Office of the BLM (BLM), the United States Fish and Wildlife Service (USFWS), Mr. John Weisheit with Living Rivers and Mr. Bill Love of Moab, Utah. The BLM subsequently met with representatives of Westwater Farms and have withdrawn their objection. Westwater Farms has also been in communication with the USFWS and may have resolved their concerns. The other comments, received by the Division, are unresolved at this time.

The Division notified Westwater that the provisions of R649-5-3.4 require that the request be referred to the Board. In response Westwater's counsel filed a request to convert the informal process to formal and filed the petition in this matter.

Most of the current concerns involve questions regarding the possibility of injected water reaching and seeping from outcrops which could lead to contamination of the Colorado River system. Westwater Farms should be prepared to give testimony showing why injected water is unlikely to affect ground and surface waters.

Recommendation

The Division has completed its review of the UIC application and is ready to issue the Class II permit. If after hearing the testimony presented by Westwater Farms it appears that the concerns brought by the parties mentioned have been sufficiently addressed, the Division would recommend that the Board approve the petitioner's request.

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing STAFF MEMORANDUM for Docket No. 2010-029, Cause No. 358.1 to be mailed with postage prepaid, this 9th day of November, 2010, to the following:

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