

BEFORE THE BOARD OF OIL, GAS AND MINING

DEPARTMENT OF NATURAL RESOURCES

STATE OF UTAH

IN THE MATTER OF THE)
APPLICATION OF WESTWATER)
FARMS, LLC FOR ADMINISTRATIVE)
APPROVAL OF THE HARLEY DOME)
1 SWD WELL LOCATED IN SECTION)
10, TOWNSHIP 19 SOUTH, RANGE 25)
EAST, S.L.M., GRAND COUNTY,)
UTAH, AS A CLASS II INJECTION)
WELL)

REQUEST
FOR AGENCY ACTION

Docket No. 2010-_____
Cause No. UIC-358.1

WESTWATER FARMS, LLC, Petitioner, by and through its undersigned

attorneys, petitions the Board of Oil, Gas and Mining for an order approving the Harley Dome #1 SWD Well as a Class II injection well and authorizing the underground injection of produced water for purposes of water disposal, and shows as follows:

1. Westwater Farms, LLC (“**Westwater**”) is a Utah limited liability company in good standing, having its principal place of business in Cisco, Utah. Westwater is qualified to and is doing business in Utah.
2. The Board of Oil, Gas and Mining (the “**Board**”) has jurisdiction of the parties and subject matter of this Request for Agency Action, pursuant to Section 40-6-5(5)(a) of the Utah Code Annotated and Rules R649-5-1 and R649-5-3(4) of the Utah Administrative Code (“**U.A.C.**”).

PROCEDURAL POSTURE

3. Westwater originally filed its application for administrative approval of the Harley Dome #1 SWD Well located in the NW¼NE¼ of Section 10, Township 19 South, Range 25

East, S.L.M., Grand County, Utah (the “**Subject Well**” and “**Subject Lands**,” respectively) as a Class II underground injection well for the disposal of produced water on May 26, 2009. The original application was amended and augmented with supplemental information filed with the Division of Oil, Gas and Mining (the “**Division**”) during the summer of 2010 (together with the original application, the “**Application**”).

4. Westwater gave notice of the Application pursuant to the requirements of Rule R649-5-3, U.C.A., and provided a copy of the Application to all operators, owners, and surface owners within a one-half mile radius of the Subject Well as required by Rule R649-5-2, U.A.C. On August 23, 2010, the Division published notice of the Application in the Salt Lake Tribune, Deseret News, and the website utahlegals.com. In addition, on August 26, 2010, the Division published notice of the Application in the Times-Independent.

5. Following publication of the notice of the Application, the Division received a letter dated August 27, 2010, from the United States Department of the Interior, Bureau of Land Management (“**BLM**”) objecting to the Application, and another undated letter (received by the Division on September 7, 2010) from Bill Love, an individual, also objecting to the Application. The Division also received an objection to the Application by email dated September 3, 2010, from John Weisheit on behalf of the Living Rivers organization. The Division also received an advisory letter dated September 15, 2010, which included a request for water analysis and monitoring program, from the United States Department of the Interior, Fish and Wildlife Service. The BLM has since withdrawn its objection by letter dated September 30, 2010.

6. Based on the protests that have been filed in this Cause and pursuant to Rule R649-5-4, U.A.C., Westwater is concurrently filing with its Request for Agency Action a motion in this Cause for the Division to convert this informal adjudicative proceeding to a formal adjudicative

proceeding in accordance with Rule R649-10-1(2), U.A.C. The purpose of this Request for Agency Action is to set the matter for hearing by the Board at the Board's regularly scheduled hearing on December 8, 2010.

UNDERGROUND INJECTION OF WATER

7. Petitioner seeks approval of the Subject Well as a Class II underground injection well and the authorization of operations for the underground injection of produced water into the Wingate Sandstone for water disposal purposes.

8. The Application for Permit to Drill ("APD") for the Subject Well was filed with the Division on June 1, 2009, and the APD was approved on December 1, 2009. The Subject Well was spud on May 13, 2010, and completed as an injection well on July 13, 2010.

9. Westwater will operate the Subject Well and the proposed injection operations.

10. The formation to be approved by the Board for water injection disposal operations is the Wingate Sandstone. In the vicinity of the Subject Lands, the Wingate Sandstone is an aeolian sandstone deposit approximately 337 feet thick. The proposed stratigraphic interval in the Wingate Sandstone to be used for injection purposes is from 1,344 feet to 1,631 feet in the Subject Well.

11. The Kayenta Formation, which overlies the proposed injection interval, will act as the hydrologic boundary (confining layer) above the injection interval, and the Chinle Formation, which underlies the injection interval, will act as the hydrologic boundary below that interval.

12. The injection interval in the Wingate Sandstone is not currently, nor is it ever expected to be, an underground source of drinking water (“USDW”). The Cedar Mountain, Morrison, Summerville, Entrada, Kayenta, and Chinle Formations in the vicinity of the Subject Well also are not USDW.

13. The following wells have been drilled and/or completed within a one-half mile radius of the Subject Well:

a. Elizondo Water Well situated in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 10, Township 19 South, Range 25 East. The well was plugged and abandoned in June 1965.

b. Lansdale Government #5 Well situated in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10, Township 19 South, Range 25 East. The well was plugged and abandoned in March 1968.

c. Lansdale Government #10-31-A Well situated in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, Township 19 South, Range 25 East. The well was plugged and abandoned in August 1975.

14. With the exception of the Subject well, all of the wells drilled within a one-half mile radius of the Subject Well were plugged and abandoned immediately following drilling operations and no mechanical logs were run.

15. The water to be used as the injection medium for the proposed water injection operations will come from oil and gas producing wells in the Uintah Basin, Paradox Basin, the San Rafael Swell and Book Cliff areas, including the Greater Cisco Field in Utah, and sources in the Piceance Basin in western Colorado. Westwater seeks authority to inject up to 10,000 barrels of produced water per day at an average injection pressure of 330 psi with a maximum injection pressure of 360 psi. The maximum pressure is based on the results of step-rate injection tests run in

the Subject Well on July 13, 2010 following installation of the final injection mechanical equipment.

16. Copies of various electrical or radioactive logs that were run in the Subject Well prior to the installation of casing and after casing was set and cemented have been filed with the Division and may be examined at the offices of the Division.

OWNERSHIP

17. Westwater owns fee simple title to the Subject Lands.

18. The minerals in the lands embraced within the Subject Lands and within a one-half mile radius of the Subject Well are subject to United States of America Oil and Gas Leases Nos. UTU-70176 and UTU-82619, and Utah State Mineral Lease No. ML-49255. As of September 9, 2010, Shiprock Helium, LLC owned the leasehold rights under UTU-70176, and Petro Resrc Corp. owned the leasehold rights under UTU-82619. Retamco Operating, Inc. owns the leasehold rights under ML-49255. The federal oil and gas leases are administered by the BLM, and the Utah State minerals are administered by the Utah School and Institutional Trust Lands Administration (“SITLA”).

19. Besides Westwater, the surface owners within a one-half mile radius of the Subject Well include the United States of America, State of Utah, and Mid-America Pipeline Company. Grand County and the Federal Highway Administration own the surface rights to old highway 6 & 50 and Interstate 70, respectively. The subject federal public lands are administered by the BLM, and the Utah State lands are administered by SITLA.

20. A plat showing the area involved and identifying all wells, including the proposed injection well, within a one-half mile radius of the proposed Subject Well is attached hereto as Exhibit “A” and made a part hereof.

21. The names and addresses of all operators and owners as defined in Section 40-6-2, Utah Code Annotated, and of all surface owners within a one-half mile radius of the proposed Subject Well are set forth in Exhibit "B" attached hereto and made a part hereof.

22. The Affidavit required by Rule R649-5-1(2.9), U.A.C., is attached hereto as Exhibit "C" and made a part hereof.

WHEREFORE, Petitioner respectfully requests the Board to:

A. Set this matter for hearing at the regularly scheduled meeting of the Board to be held on December 8, 2010, to consider Westwater's Application.

B. Give notice of this Request for Agency Action and the hearing as provided by the laws of the State of Utah and regulations issued pursuant thereto. The names and addresses of the parties interested in this matter are set forth in Exhibit "B" to this Request for Agency Action.

C. Conduct a hearing at which Petitioner and all interested parties may be allowed to present evidence regarding Westwater's Application.

D. To make its findings that:

(1) The Harley Dome #1 SWD Well as proposed is suitable for approval as a Class II injection well; and

(2) Good cause appears to authorize underground water disposal operations for produced water utilizing the Harley Dome #1 SWD Well as proposed.

E. Enter its order approving the Harley Dome #1 SWD Well as a Class II injection well and authorizing the underground injection of produced water into the Wingate Sandstone beneath the Subject Lands for disposal purposes.

F. Provide such other relief as may be just and proper under the circumstances.

Dated this 18th day of October, 2010.

VAN COTT, BAGLEY, CORNWALL & McCARTHY

By 

Thomas W. Clawson

Attorneys for Petitioner

36 South State Street, Suite 1900

Salt Lake City, Utah 84111

Telephone: (801) 532-3333

Petitioner's Address:

WESTWATER FARMS, LLC

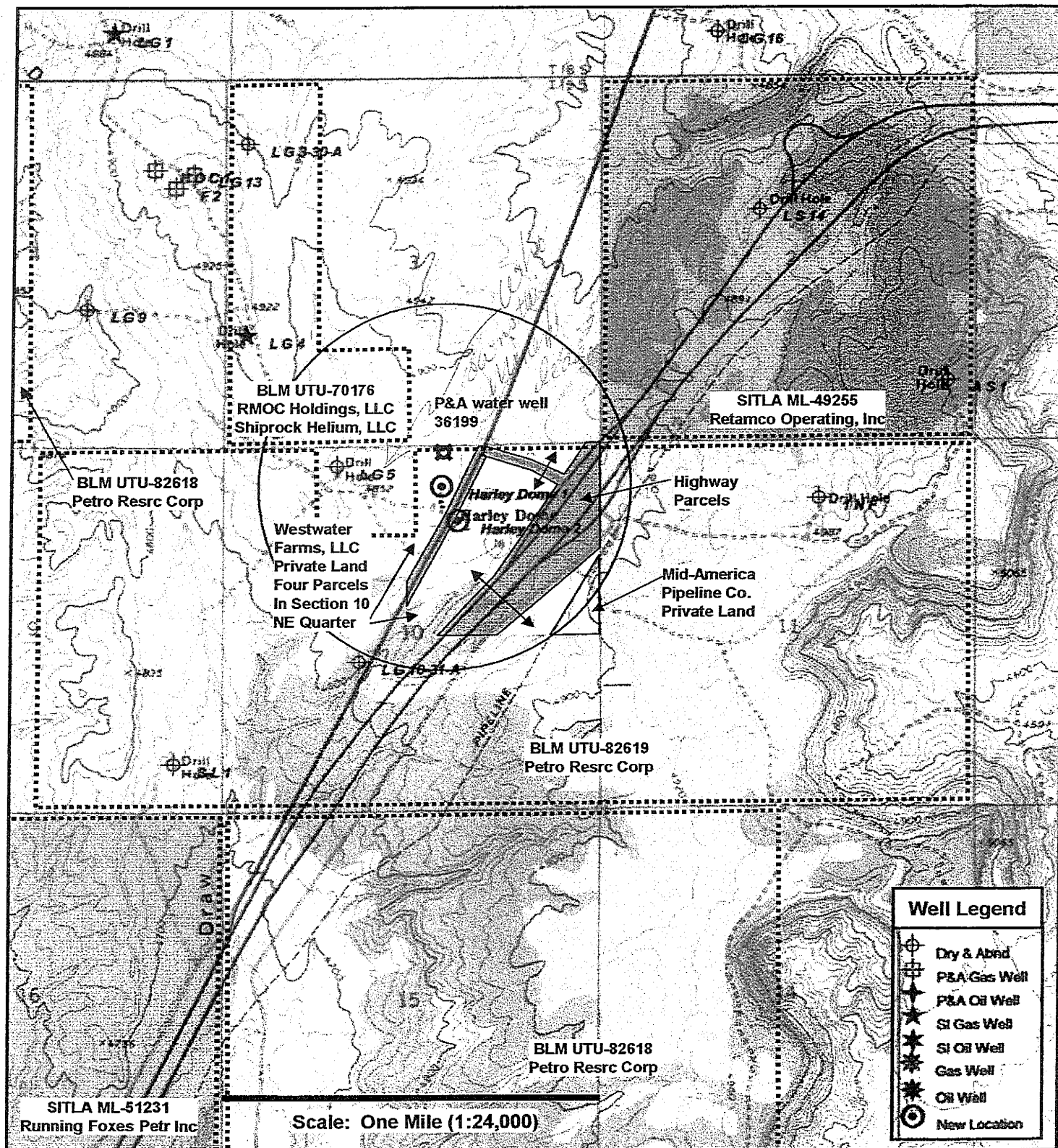
c/o Tom Warnes

P.O. 23358

Silverthorne, CO 80498

EXHIBIT "A"

Attachment 1: Plat showing location of proposed Harley Dome 1 injection well in NWNE Section 10, T19S, R25E, SLM, Grand County, Utah, all abandoned or active wells, surface owners and O&G lessees and/or operators in the area and within a one-half mile radius area of review pertinent to this application submitted by Westwater Farms, LLC



☐ U.S. managed by BLM
 ☐ Utah managed by SITLA
 ☐ U.S./Utah/County roads
 ☐ Private
☐ Oil & Gas Lease Issued by BLM or SITLA

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Attachment 1

EXHIBIT "B"

NAMES AND ADDRESSES OF OWNERS, OPERATORS, AND SURFACE OWNERS WITHIN A ONE-HALF MILE RADIUS OF THE PROPOSED HARLEY DOME #1 SWD WELL, GRAND COUNTY, UTAH.

Steven F. Alder
Assistant Attorney General
Board of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

Grand County
Road Department
125 East Center
Moab, UT 84532

Federal Highway Administration
2520 West 4700 South, Suite 9-A
Salt Lake City, UT 84118-1847

Utah School and Institutional Trust Lands
Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818

RMOC Holdings, LLC
921 East Belleview Avenue
Littleton, CO 80121

Retamco Operating, Inc.
Attn: Joe Glennon
P.O. Box 790
Red Lodge, MT 59068-0790

Bill Love
2871 East Bench Road
Moab, UT 84532

Michael S. Johnson
Assistant Attorney General
Board of Oil, Gas and Mining
1594 West North Temple, Suite 300
Salt Lake City, UT 84116

United States Bureau of Land Management
Moab Field Office
82 East Dogwood
Moab, UT 84532

Mid-America Pipeline Company
1717 South Boulder Avenue
Tulsa, OK 74121-1628

Petro Resrc Corp.
777 Post Oak Blvd, Suite 910
Houston, TX 77056

Shiprock Helium, LLC
P.O. Box 51166
Amarillo, TX 79159

Living Rivers
Attn: John Weisheit
(No known address)
(sent via email to john@livingrivers.org)

United States Fish and Wildlife Service
Attn: Larry Crist
Utah Field Office
2369 West Orton Circle, Suite 50
West Valley City, UT 84119

EXHIBIT "C"
BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

**IN THE MATTER OF THE)
APPLICATION OF WESTWATER)
FARMS, LLC FOR ADMINISTRATIVE)
APPROVAL OF THE HARLEY DOME)
1 SWD WELL LOCATED IN SECTION)
10, TOWNSHIP 19 SOUTH, RANGE 25)
EAST, S.L.M., GRAND COUNTY,)
UTAH, AS A CLASS II INJECTION)
WELL)**

**AFFIDAVIT OF
THOMAS W. CLAWSON**

**Docket No. _____
Cause No. UIC-358.1**

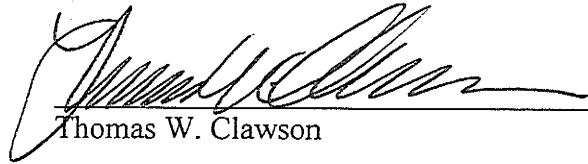
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

THOMAS W. CLAWSON, having been duly sworn, deposes and says that:

1. He is a resident of Salt Lake County and over the age of 21 years.
2. He is an attorney licensed to practice law before the Utah Supreme Court
and all inferior courts of the State of Utah.
3. He is familiar with the statutes, rules, and regulations of the Board of Oil,
Gas and Mining pertaining to injection of fluids into underground formations for water disposal
purposes.
4. He has caused the Request for Agency Action in this Cause, including the
UIC Form 1, to be provided to all operators, owners, and surface owners within a one-half mile
radius of the proposed Harley Dome #1 SWD Well as required by Rules R641-104-135, R649-5-
1(1), and R649-5-2(2.12), U.A.C., by mailing copies thereof, properly addressed, with

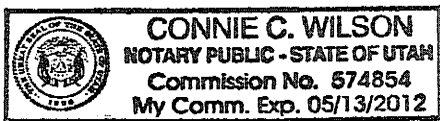
postage prepaid. The names and addresses of the owners so served are set forth in Exhibit "C" to the Request for Agency Action in this Cause.

Dated this 18th day of October, 2010.


Thomas W. Clawson

STATE OF UTAH)
 ss.
COUNTY OF SALT LAKE)

SUBSCRIBED AND SWORN to before me this 18th day of October, 2010.




NOTARY PUBLIC

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

UIC FORM 1

APPLICATION FOR INJECTION WELL

Name of Operator Westwater Farms, LLC	Utah Account Number N	Well Name and Number Harley Dome 1
Address of Operator P.O. Box 23358 CITY Silverthorne STATE CO ZIP 80498	Phone Number 970-513-8034	API Number 43-019 - 31622
Location of Well Footage: 600.5' fml and 2,139.0' fel County: Uintah		Field or Unit Name Greater Cisco
CQ, Section, Township, Range: NWNE 10, T19S, R25E, SLM State: UTAH		Lease Designation and Number Westwater Farms

Is this application for expansion of an existing project? Yes ☐ No ☒

Will the proposed well be used for:	Enhanced Recovery?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	Disposal?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
	Storage?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Is this application for a new well to be drilled? Yes ☒ No ☐

If this application is for an existing well, has a casing test been performed? Yes ☐ No ☐
Date of test: _____

Proposed injection interval: from 870' to 1,670'

Proposed maximum injection: rate 10,000 bpd pressure 260 psig

Proposed injection zone contains oil ☐, gas ☐, and / or fresh water ☐ within 1/2 mile of the well.

List of attachments: Attachment 1: Plat showing wells & ownership; Att. 2: Well log excerpts and geological data; Att. 3: Submissions to comply with R649-5-2 including casing plan, casing test plan, operating limits and zonal confinement data, geological data on injection interval and confining layers and position of nearest USDW's; Att. 4: Water analyses;

ATTACH ADDITIONAL INFORMATION AS REQUIRED BY CURRENT
UTAH OIL AND GAS CONSERVATION GENERAL RULES

Att. 5: Affidavit certifying that copies of this application were mailed to operators and owners within one-half mile radius of the proposed injection well.

I hereby certify that this report is true and complete to the best of my knowledge.

Name (Please Print) David L. Allin (970) 254-3114

Title Permit Agent allinpro@bresnan.net

Signature

David L. Allin

Date

May 21, 2009

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MAY 26 2009

DIV. OF OIL, GAS & MINING