

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 5643
ORDER NO. 6532

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF CONOCO INC. FOR AN ORDER AUTHORIZING THE DRILLING OF A WELL AT A LOCATION APPROXIMATELY 2280 FEET FROM THE NORTH LINE AND 660 FEET FROM THE WEST LINE OF SECTION 32, T.140N., R.96W., STARK COUNTY, NORTH DAKOTA, AS AN EXCEPTION TO THE PROVISIONS OF SECTION 43-02-03-18 OF THE NORTH DAKOTA ADMINISTRATIVE CODE, AND DESIGNATING THE W/2 OF SECTION 32 AS A 320-ACRE DRILLING UNIT FOR SAID WELL AND SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m. on the 28th day of October, 1992, in Bismarck, North Dakota, before an examiner appointed by the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 3rd day of November, 1992, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That applicant, Conoco Inc. ("Conoco"), is the owner of an oil and gas leasehold estate in the W/2 of Section 32, Township 140 North, Range 96 West, Stark County, North Dakota.

(3) That Conoco requests permission to drill a test well to the Deadwood Formation at a location on said tract approximately 2280 feet from the north line and 660 feet from the west line of said Section 32 as an exception to the spacing requirements of Section 43-02-03-18 North Dakota Administrative Code ("NDAC"). Also, Conoco requests that the W/2 of said Section 32 be designated the drilling unit for the proposed well.

(4) That the location of the proposed well is within the boundary of the Dickinson-Heath Unit and complies with the spacing requirements for a well in the Unit Area for a Heath test. However, all other potentially productive formations to be encountered by the well are not spaced. Wells drilled in unspaced areas must be located on a drilling unit pursuant to Section 43-02-03-18.

(5) That information presented in this matter indicates that the location of the proposed well is on the crest of a structural high.

(6) That locating the well on the high point of the structure as is proposed, will increase the probability of success. A well drilled at a proper location pursuant to Section 43-02-03-18 NDAC would be off the high point of the structure and would result in a dry hole or a noncommercial well.

(7) That a well drilled at the proposed location will produce oil and gas that might otherwise not be produced and will increase the ultimate recovery from any pool encountered.

(8) That in order to prevent waste and protect correlative rights, this application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, its assigns and successors, is hereby permitted to drill a well located approximately 2280 feet from the north line and 660 feet from the west line of Section 32, Township 140 North, Range 96 West, Stark County, North Dakota, as an exception to the spacing requirements set forth in Section 43-02-03-18 NDAC.

(2) That the drilling unit for the well permitted in (1) above is hereby designated the W/2 of said Section 32.

(3) That the applicant shall apply for a permit to drill the above well as required in Section 43-02-03-16 NDAC.

(4) That the well permitted in (1) above shall not produce more than its fair and equitable share of oil and/or gas in the reservoir.

(5) That this order shall remain in full force and effect until further order of the Commission.

Dated this 3rd day of November, 1992.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ George A. Sinner
George A. Sinner, Governor

/s/ Nicholas J. Spaeth
Nicholas J. Spaeth, Attorney General

/s/ Sarah Vogel
Sarah Vogel, Commissioner of Agriculture