

BEFORE THE INDUSTRIAL COMMISSION  
OF THE STATE OF NORTH DAKOTA

CASE NO. 5843  
(CONTINUED)  
ORDER NO. 6788

IN THE MATTER OF A HEARING CALLED ON A  
MOTION OF THE COMMISSION TO CONSIDER THE  
APPLICATION OF CONOCO INC. FOR AN ORDER  
OF THE COMMISSION POOLING ALL INTERESTS  
IN A SPACING UNIT FOR THE DICKINSON-  
LODGEPOLE POOL DESCRIBED AS THE N/2 OF  
SECTION 31, T.140N., R.96W., STARK COUNTY,  
NORTH DAKOTA, AUTHORIZING THE RECOVERY  
FROM EACH NONPARTICIPATING LESSEE A RISK  
PENALTY AS PROVIDED BY NORTH DAKOTA  
CENTURY CODE SECTION 38-08-08 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 15th day of December, 1993, in Bismarck, North Dakota, before an  
examiner appointed by the Industrial Commission of North Dakota, hereinafter  
referred to as the "Commission."

Now on this 30th day of December, 1993, 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 the applicant is the owner of an interest in an oil and gas  
leasehold estate in a spacing unit for the Dickinson-Lodgepole Pool  
described as the N/2 of Section 31, Township 140 North, Range 96 West,  
Stark County, North Dakota.

(3) That said spacing unit is created in accordance with an order of  
the Commission and there are separately owned tracts and/or separately  
owned interests in the spacing unit, and some of the owners thereof have  
not voluntarily pooled their interests for the development and operation of  
said spacing unit.

(4) That the Commission makes no findings with regard to the specific  
acreage or percentage attributed to separately owned tracts or interests.

(5) That Section 38-08-08 of the North Dakota Century Code ("NDCC")  
requires the Commission to enter a pooling order upon application when two  
or more separately owned tracts are embraced within a spacing unit, or  
there are separately owned interests in all or a part of a spacing unit, in  
the absence of voluntary pooling. The section further provides that  
working interest owners in the spacing unit shall pay their share of the  
reasonable actual cost of drilling and operating the well plus a reasonable  
charge for supervision. In addition to such costs and charges,  
nonparticipating lessees may be required to pay a risk penalty of 100% of

their share of the reasonable actual cost of drilling and completing the well.

(6) That applicant has also made application requesting recovery of a risk penalty from nonparticipating lessees.

(7) That applicant has drilled its Frenzel #79 well located in the NE/4 of said Section 31 and the well currently produces from the Dickinson-Lodgepole Pool.

(8) That all parties were given an opportunity to join the drilling of the Frenzel #79 well, although not all parties elected to join.

(9) That there were no objections to this application.

(10) That this application should be granted in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That all oil and gas interests in a spacing unit for the Dickinson-Lodgepole Pool described as the N/2 of Section 31, Township 140 North, Range 96 West, Stark County, North Dakota, are hereby pooled for the development and operation of the spacing unit, and that the well located thereon shall be the well for such spacing unit.

(2) That Conoco Inc., its successor and assigns, shall be the operator of the well for said spacing unit.

(3) That this pooling shall not determine or establish the specific acreage to be attributed to separately owned tracts, or specific interests attributed to separately owned interests.

(4) That the operator of the well for said spacing unit shall conduct operations in a manner so as to protect correlative rights of all interested parties.

(5) That all owners of interests shall recover or receive, without unnecessary expense, their just and equitable share of production from said spacing unit in the proportion as their interests may appear in the spacing unit.

(6) That the working interest owners shall reimburse the operator for their proportionate share of the reasonable actual cost of drilling and operating said well, plus a reasonable charge for supervision.

(7) That in the event of any dispute as to such costs the Commission shall determine the proper cost.

(8) That the owners paying for a nonparticipating lessee's share of the drilling and operating of a well on the spacing unit may recover from the nonparticipating lessee a risk penalty as provided in subsection 3 of Section 38-08-08 NDCC.

(9) That in the event the size of the spacing unit pooled herein is modified by the Commission, this order shall terminate as of the date of such order.

(10) That this order shall be effective from the date of first operations, and shall remain in full force and effect until further order of the Commission.

Dated this 30th day of December, 1993.

INDUSTRIAL COMMISSION  
STATE OF NORTH DAKOTA

/s/ Edward T. Schafer, Governor

/s/ Heidi Heitkamp, Attorney General

/s/ Sarah Vogel, Commissioner of Agriculture