

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 6070
ORDER NO. 7033

IN THE MATTER OF A HEARING CALLED ON A
MOTION OF THE COMMISSION TO CONSIDER THE
APPLICATION OF CONOCO INC. FOR AN ORDER
GRANTING RELIEF FROM THE PRODUCTION
RESTRICTIONS IMPOSED BY COMMISSION
ORDER NO. 6932 FOR THE DICKINSON-
LODGEPOLE POOL, STARK COUNTY, NORTH
DAKOTA, FOR THE DICKINSON KUNTZ NO. 1-2
WELL, AND OTHER WELLS PRODUCING FROM
THE SAME COMMON SOURCE OF SUPPLY AND
SUCH FURTHER AND ADDITIONAL 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 26th day of April, 1995, in Bismarck, North Dakota, before an examiner
appointed by the Industrial Commission of North Dakota, hereinafter referred to
as the "Commission."

NOW, on this 28th day of April, 1995, 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 Conoco Inc. ("Conoco") is the owner of an interest in the oil
and gas leasehold estate in the N/2 of Section 2, Township 139 North, Range
97 West, and the S/2 of Section 35, Township 140 North, Range 97 West,
Stark County, North Dakota.

Such lands are currently within an area defined by the Commission as
the field boundaries for the Dickinson-Lodgepole Pool.

(3) That Conoco is the operator of the Dickinson Kuntz No. 1-2 well
located in the N/2 of Section 2, Township 139 North, Range 97 West, Stark
County, North Dakota. The well is productive of oil and gas in the
Dickinson-Lodgepole Pool.

(4) That Conoco is the operator of the C.J. Steffan No. 1-35 well
located in the S/2 of Section 35, Township 140 North, Range 97 West, Stark
County, North Dakota. The well is currently being completed and will be
productive of oil and gas in the Dickinson-Lodgepole Pool.

(5) That Conoco requests that the provisions of Order No. 6932
relating to the restriction of production of wells in the
Dickinson-Lodgepole Pool be amended with regard to the Kuntz No. 1-2 and
the C.J. Steffan No. 1-35 wells and other wells producing from the same
common source of supply.

(6) That engineering testimony and evidence indicate the Kuntz No.
1-2 and the C.J. Steffan No. 1-35 wells produce or will produce from a

reservoir which is not the same common source and supply as wells in the Knopik area or the Dickinson Lodgepole Unit.

(7) That the purpose of the restrictions on production provided in Order No. 6932 is to prevent excessive depletion of reservoir pressure in Lodgepole Pools prior to unitization.

(8) That reservoir fluids in the Kuntz No. 1-2 area are believed to have the same properties as those in Dickinson-Lodgepole Unit and, therefore it would be expected to have a similar minimum miscibility pressure ("MMP") of 3500 psi using a 1200 BTU gas.

(9) That at this time, Conoco believes that the Kuntz reservoir area is confined to the N/2 of Section 2, Township 139 North, Range 97 West and the S/2 of Section 35, Township 140 North, Range 97 West, Stark County, North Dakota. However, additional lands may need to be included if proven productive by additional drilling.

(10) That based on current information which is available it is estimated that 312,000 barrels of oil can be recovered from the Kuntz reservoir area before reaching a pressure of 3500 psia.

(11) That pursuant to Order No. 6932 the Kuntz No. 1-11 well is currently restricted to 100 barrels of oil per day ("BOPD") due to flaring of gas beyond thirty (30) days. The order also allows wells in Lodgepole Pools to produce at an unrestricted rate for sixty (60) days after completion.

(12) That production from wells in the Kuntz reservoir area should be restricted to a maximum rate of 1000 BOPD per well starting on the date of completion.

(13) That Conoco requests that the Kuntz No. 1-11 well be allowed to produce at a maximum rate of 1000 BOPD and flare gas for a 60 day period commencing on May 1, 1995, and in addition to the flaring allowance provided in Order No. 6932, the C.J. Steffan No. 1-35 be allowed to continue flaring gas an additional 60 days at the maximum oil rate of 1000 BOPD.

(14) That Conoco indicates that the wells may be connected to a gas pipeline by June 15, 1995.

(15) That restricting wells in the Kuntz Lodgepole area to a maximum rate of 1000 BOPD will aid in preventing excessive depletion of reservoir energy.

(16) That currently there is not a gas pipeline in the Dickinson Field area to which wells in the Kuntz Lodgepole Pool can be connected.

(17) That until there is a gas pipeline in the Dickinson Field area to which the wells in the Kuntz Lodgepole area can be connected it is infeasible to save and sell the associated gas produced from such wells.

(18) That the value of the gas produced with oil from wells in the Kuntz Lodgepole Pool is insignificant compared to the value of the oil.

(19) That if the wells are restricted to 100 BOPD the working interests, royalty interests, and the state of North Dakota will suffer a substantial economical loss.

(20) That allowing wells in the Kuntz Lodgepole area to produce at a maximum rate of 1000 BOPD and flare gas from May 1, 1995 to June 15, 1995, will prevent waste and protect correlative rights of all owners.

IT IS THEREFORE ORDERED:

(1) That Order No. 6932 regarding the proper spacing for the

Dickinson-Lodgepole Pool shall remain in full force and effect except for the amended provisions herein.

(2) That for the purposes of this order the Kuntz Lodgepole area in respect to the Dickinson-Lodgepole Pool is defined as the S/2 of Section 35, Township 140 North, Range 97 West, and the N/2 of Section 2, Township 139 North, Range 97 West, all in Stark County, North Dakota, together with additional lands proven productive by wells drilled into the same common source of supply.

(3) That the Kuntz No. 1-11 and C.J. Steffan No. 1-35 wells and any other wells completed in the Kuntz Lodgepole area shall be allowed to produce at a maximum rate of 1000 BOPD per well starting on the date of completion.

(4) That the Kuntz No. 1-11 well shall be allowed to produce at a maximum oil rate of 1000 BOPD and flare the gas produced therewith from 7:00 a.m. on May 1, 1995, to 7:00 a.m. on June 15, 1995. If the well is not connected to a gas pipeline by the end of that period, production shall be reduced to an average of 100 BOPD until it is connected to a gas pipeline.

(5) That the C.J. Steffan No. 1-35 well shall be allowed to flare gas from date of completion to 7:00 a.m. June 15, 1995, at the maximum oil rate of 1000 BOPD. At the end of that period if the well is not connected to a gas pipeline, production from the well shall be reduced to an average of 100 BOPD until connected.

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

Dated this 28th day of April, 1995.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ Edward T. Schafer, Governor

/s/ Heidi Heitkamp, Attorney General

/s/ Sarah Vogel, Commissioner of Agriculture