

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 6447
ORDER NO. 7477

IN THE MATTER OF A HEARING CALLED ON A
MOTION OF THE COMMISSION TO CONSIDER THE
APPLICATION OF CONOCO INC. FOR AN ORDER
PURSUANT TO NORTH DAKOTA ADMINISTRATIVE
CODE SECTION 43-02-03-88.1 POOLING ALL INTERESTS IN
A SPACING UNIT FOR THE DICKINSON-
LODGEPOLE POOL DESCRIBED AS THE S/2 OF
SECTION 5, T.139N., R.96W., STARK COUNTY,
NORTH DAKOTA; AUTHORIZING THE RECOVERY
FROM EACH NONPARTICIPATING LESSEE A RISK
PENALTY AS PROVIDED BY N.D.C.C. 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 6th day of June, 1996, in Bismarck, North Dakota, before an examiner appointed by the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

Now on this 24th day of June, 1996, the Director, on behalf of and as authorized by the Commission, having considered the testimony and the exhibits received at the hearing, and being fully advised in the premises,

FINDS:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this matter.

(2) Due to improper advertisement of this matter on June 6, 1996, this matter was properly noticed for hearing on June 24, 1996. The record from June 6, 1996 was left open. On June 24, 1996 the hearing on this matter was resumed.

(3) 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 S/2 of Section 5, Township 139 North, Range 96 West, Stark County, North Dakota.

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

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

(6) Section 38-08-08 of the North Dakota Century Code 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.

(7) The applicant requests an order of the Commission pooling all interests in the spacing unit.

(8) The applicant withdrew the request for consideration of a risk penalty. The well has already been drilled. All working interest participated in the well.

(9) There were no objections to this application.

(10) In order to prevent waste and protect correlative rights this spacing unit should be pooled.

IT IS THEREFORE ORDERED:

(1) All oil and gas interests in a spacing unit for the Dickinson-Lodgepole Pool described as the S/2 of Section 5, Township 139 North, Range 96 West, Stark County, North Dakota, are hereby pooled for the development and operation of the spacing unit, and the well located thereon shall be the well for the spacing unit.

(2) This pooling order shall not determine the specific acreage to be attributed to separately owned tracts, or specific interests attributed to separately owned interests.

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

(4) All owners of interests shall receive, without unnecessary expense, their just and equitable share of production from the spacing unit in the proportion as their interests may appear in the spacing unit.

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

(6) In the event of any dispute as to such costs the Commission shall determine the proper cost.

(7) In the event the size of the spacing unit is modified by the Commission, this order terminates on the date of such order.

(8) This order shall be effective from the date of first operations, and shall remain in force until further order of the Commission.

Dated this 24th day of June, 1996.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission.

/s/ Wesley D. Norton, Director