

BEFORE THE INDUSTRIAL COMMISSION  
OF THE STATE OF NORTH DAKOTA

CASE NO. 6692  
ORDER NO. 7813

IN THE MATTER OF A HEARING  
CALLED ON A MOTION OF THE  
COMMISSION TO CONSIDER THE  
APPLICATION OF CONOCO INC. FOR AN  
ORDER POOLING ALL INTERESTS IN A  
SPACING UNIT FOR THE  
DICKINSON-LODGEPOLE POOL  
DESCRIBED AS THE E/2 OF SECTION  
33, T.140N., R.96W., STARK COUNTY  
NORTH DAKOTA; AUTHORIZING THE  
RECOVERY FROM EACH  
NONPARTICIPATING LESSEE A RISK  
PENALTY AS PROVIDED BY N.D.C.C.  
38-08-08 AND SUCH OTHER AND  
FURTHER RELIEF AS THE COMMISSION  
DEEMS APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

(1) This cause came on for hearing at 9:00 a.m. on the 26th day of March, 1997.

(2) 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 E/2 of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota.

(3) 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.

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

(5) 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. In addition to such costs and charges, if a lessee owning an interest in a spacing unit elects not to participate in the risk and cost of drilling a well thereon, the owner paying for the nonparticipating lessee's share of the drilling and operation of a well may recover from the nonparticipating lessee a risk penalty for the risk involved in drilling the well.

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

(7) There were no objections to this application.

(8) 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 E/2 of Section 33, Township 140 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 a lessee owning an interest in the spacing unit elects not to participate in the risk and cost of drilling a well thereon, the owner paying for the nonparticipating lessee's share of the drilling and operation of a well may recover from the nonparticipating lessee a risk penalty for the risk involved in drilling the well. The risk penalty is one hundred percent of the nonparticipating lessee's share of the reasonable actual costs of drilling and completing the well and may be recovered out of, and only out of, production from the pooled spacing unit, as provided by section 38-08-10, exclusive of any royalty or overriding royalty. No risk penalty may be assessed against an unleased mineral interest.

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

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

Dated this 21st day of April, 1997.

INDUSTRIAL COMMISSION  
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission.

/s/ Wesley D. Norton, Director