

BEFORE THE INDUSTRIAL COMMISSION  
OF THE STATE OF NORTH DAKOTA

CASE NO. 15580  
ORDER NO. 17826

IN THE MATTER OF A HEARING CALLED ON  
A MOTION OF THE COMMISSION TO  
CONSIDER THE APPLICATION OF SAMSON  
RESOURCES CO. FOR AN ORDER PURSUANT  
TO NDAC § 43-02-03-88.1 AUTHORIZING THE  
FLARING OF GAS FROM THE ALMOS FARMS  
01-12-162-99H WELL LOCATED IN THE N/2  
NW/4 OF SECTION 1, T.162N., R.99W., DIVIDE  
COUNTY, ND, AMBROSE-BAKKEN POOL, AS  
AN EXCEPTION TO THE PROVISIONS OF  
NDCC § 38-08-06.4 AND SUCH OTHER RELIEF  
AS IS APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause came on for hearing at 9:00 a.m. on the 31st day of August, 2011.
- (2) Pursuant to NDAC Section 43-02-03-88.1, the Director is authorized to sign, on behalf of the Commission, orders relating to, inter alia, flaring exemptions under North Dakota Century Code (NDCC) Section 38-08-06.4 and under North Dakota Century Code (NDAC) Section 43-02-03-60.2.

- (3) NDCC Section 38-08-06.4 states:

As permitted under rules of the industrial commission, gas produced with crude oil from an oil well may be flared during a one-year period from the date of first production from the well. Thereafter, flaring of gas from the well must cease and the well must be capped, connected to a gas gathering line, or equipped with an electrical generator that consumes at least seventy-five percent of the gas from the well. An electrical generator and its attachment units to produce electricity from gas must be considered to be personal property for all purposes. For a well operated in violation of this section, the producer shall pay royalties to royalty owners upon the value of the flared gas and shall also pay gross production tax on the flared gas at the rate imposed under section 57-51-02.2. The industrial

commission may enforce this section and, for each well operator found to be in violation of this section, may determine the value of flared gas for purposes of payment of royalties under this section and its determination is final. A producer may obtain an exemption from this section from the industrial commission upon application and a showing that connection of the well to a natural gas gathering line is economically infeasible at the time of the application or in the foreseeable future or that a market for the gas is not available and that equipping the well with an electrical generator to produce electricity from gas is economically infeasible.

(4) Samson Resources Company (Samson) applied for an order of the Commission authorizing the flaring of gas from the Almos Farms #01-12-162-99H well located in the N/2 NW/4 of Section 1, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, as an exemption to the provisions of NDCC Section 38-08-06.4 and such other relief as is appropriate.

(5) The Almos Farms #01-12-162-99H well has not been drilled. It appears the information submitted by Samson in support of this application is from their Almos Farms 1-12-162-99HOR well, located in the C NE/4 of Section 1, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota.

(6) This case should be dismissed without prejudice.

IT IS THEREFORE ORDERED:

(1) This case is dismissed without prejudice.

Dated this 5th day of April, 2012.

INDUSTRIAL COMMISSION  
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director