

BEFORE THE INDUSTRIAL COMMISSION

OF THE STATE OF NORTH DAKOTA

CASE NO. 22053

ORDER NO. 24386

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE IN THE MATTER OF THE PETITION FOR A RISK PENALTY OF BAKKEN HUNTER, LLC REQUESTING AN ORDER AUTHORIZING THE RECOVERY OF A RISK PENALTY FROM CERTAIN NON-PARTICIPATING OWNERS AS PROVIDED BY NDCC § 38-08-08 IN THE DRILLING AND COMPLETION OF THE PACER #3427-2MBH WELL LOCATED IN A SPACING UNIT CONSISTING OF SECTIONS 27 AND 34, T.164N., R.99 WEST AND SECTIONS 3 AND 10, T.163N., R.99W., AMBROSE-BAKKEN POOL, DIVIDE COUNTY, ND, PURSUANT TO NDAC § 43-02-03-88.1, 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 27th day of March, 2014.
- (2) Bakken Hunter, LLC (Bakken Hunter) has filed a petition for a risk penalty before the North Dakota Industrial Commission (Commission) requesting an order authorizing the recovery of a risk penalty from certain non-participating owners, as provided by North Dakota Century Code (NDCC) Section 38-08-08 in the drilling and completing of the Pacer #3427-2MBH well (File No. 23355) located in a spacing unit described as Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Divide County, North Dakota (Sections 27, 34, 3, and 10), Ambrose-Bakken Pool, pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.1, and such other relief as is appropriate.
- (3) Bakken Hunter is the owner of an interest in an oil and gas leasehold estate in a spacing unit for the Ambrose-Bakken Pool described as all of Sections 27 and 34 and Sections 3 and 10.
- (4) The Commission makes no findings with regard to the specific acreage or percentage attributed to separately owned tracts or interests.
- (5) NDCC Section 38-08-08 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 200 percent and unleased mineral interest owners may be required to pay a risk penalty of 50 percent of their share of the reasonable actual cost of drilling and completing the well.

(6) Bakken Hunter requests an order of the Commission allowing the recovery of a risk penalty from the Gayle A. Arnson (Arnson), and the Lorna K. Skavlem (Skavlem) interests.

(7) Arnson and Skavlem, mineral interest owners within the spacing unit, did not appear in this matter or object to the risk penalty being assessed against their mineral interests.

(8) Pursuant to NDAC Section 43-02-03-16.3, Bakken Hunter sent invitations to participate in the drilling and completion of the Pacer #3427-2MBH well. Bakken Hunter provided evidence that the invitations to participate were complete and properly served on Arnson and Skavlem, and that Bakken Hunter made a good faith offer to lease each mineral owner.

(9) Pursuant to NDAC Section 43-02-03-16.3, Arnson and Skavlem had 30 days from the date of receiving the invitation to elect to participate in the Pacer #3427-2MBH well. Bakken Hunter provided evidence that Arnson and Skavlem failed to respond to Bakken Hunter's invitation within the 30-day deadline.

(10) The Commission concludes Bakken Hunter has complied with NDAC Section 43-02-03-16.3 and the risk penalty may be imposed against Arnson's and Skavlem's mineral interests.

(11) This application should be granted in order to prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED:**

(1) A risk penalty may be imposed on Gayle A. Arnson's and Lorna K. Skavlem's mineral interests for the drilling and completion of the Pacer #3427-2MBH well (File No. 23355) on a spacing unit described as Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Divide County, North Dakota, Ambrose-Bakken Pool, pursuant to NDCC Section 38-08-08 and NDAC Section 43-02-03-16.3.

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

(3) 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 13th day of December, 2016.

**INDUSTRIAL COMMISSION  
STATE OF NORTH DAKOTA**

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director