

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 22087
ORDER NO. 24421

IN THE MATTER OF A HEARING CALLED ON
A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF SM
ENERGY CO. FOR AN ORDER AMENDING
THE APPLICABLE ORDERS FOR THE
AMBROSE-BAKKEN POOL, DIVIDE COUNTY,
ND, TO ALLOW ALL WELLS TO PRODUCE
OIL AT AN UNRESTRICTED RATE AND
FLARE GAS PRODUCED IN ASSOCIATION
THEREWITH UNTIL SUCH TIME AS MAY BE
ESTABLISHED BY THE COMMISSION, OR FOR
SUCH OTHER RELIEF AS MAY BE
APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause came on for hearing at 9:00 a.m. on the 23rd day of April, 2014.
- (2) SM Energy Company (SM Energy) provided telephonic testimony in this matter, pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.2. The Telephonic Communication Affidavit was received on May 13, 2014, therefore, such testimony may be considered evidence.
- (3) SM Energy applied for an order amending the applicable orders for the Ambrose-Bakken Pool, Divide County, North Dakota, to allow all wells to produce oil at an unrestricted rate and flare gas produced in association therewith until such time as may be established by the Commission, or for such other relief as may be appropriate.
- (4) Order No. 23998, provides that all wells in the Ambrose-Bakken Pool shall be allowed to produce at a maximum efficient rate for a period of 60 days commencing on the first day oil is produced through well-head equipment into tanks from the ultimate producing interval after casing has been run; after that, oil production from such wells shall not exceed an average of 200 barrels per day for a period of 60 days; after that, oil production from such wells shall not exceed an average of 150 barrels per day for a period of 60 days, thereafter, oil production from such wells shall not exceed an average of 100 barrels of oil per day; if and when such wells are connected to a gas gathering and processing facility the foregoing restrictions shall be removed,

and the wells shall be allowed to produce at a maximum efficient rate. The Director is authorized to issue an administrative order allowing unrestricted production at a maximum efficient rate for a period not to exceed 120 days, commencing on the first day oil is produced through well-head equipment into tanks from the ultimate producing interval after casing has been run, if the necessity therefor can be demonstrated to his satisfaction.

(5) SM Energy is in compliance with current production restrictions pursuant to Order No. 23998 since both wells not connected to a gas gathering system are currently producing less than 100 barrels of oil per day.

(6) The relief requested herein is unnecessary, therefore this case should be dismissed without prejudice.

IT IS THEREFORE ORDERED:

(1) This case is dismissed without prejudice.

Dated this 20th day of June, 2014.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director