

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 3499
ORDER NO. 3980

IN THE MATTER OF A HEARING CALLED ON A
MOTION OF THE COMMISSION TO CONSIDER THE
APPLICATION OF NANCE PETROLEUM
CORPORATION FOR AN ORDER PERMITTING THE
DRILLING OF WELLS IN THE APPROXIMATE
CENTERS OF THE SW NE AND NW SE OF SECTION
26, T.140N., R.96W., STARK COUNTY, NORTH
DAKOTA, AS AN EXCEPTION TO THE SPACING
REQUIREMENTS IN THE DICKINSON FIELD, AND
FURTHER DESIGNATING THE N/2 AND S/2 OF SAID
SECTION 26, AS THE SPACING UNITS FOR THE
DICKINSON-HEATH POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m.
on the 23 day of April, 1985, in Bismarck, North Dakota, before an examiner
appointed by the Industrial Commission of North Dakota, hereinafter referred
to as the "Commission."

NOW, on this 29th _ day of April __, 1985, the Commission, a
quorum being present, having considered the testimony adduced and the
exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the
Commission has jurisdiction of this cause and the subject matter thereof.

(2) That applicant is desirous of drilling Heath (Tyler) test wells in
the SW NE and the NW SE of Section 26, T.140N., R.96W., Stark County,
North Dakota, and designating 320-acre laydown spacing units.

(3) That said wells in (2) above are in the buffer zone of the
Dickinson-Heath Pool and spacing for such wells is one well per 320 acres.

(4) That most of the Dickinson-Heath Pool has been drilled out on a
160-acre spacing pattern as exceptions to said spacing requirements.

(5) That said wells in (2) above are also in the buffer zone of the
Davis Buttes-Tyler Pool and spacing for such pool established by the
Commission is one well per 160-acres, with wells to be located at least 500
feet from the boundaries of a spacing unit and at least 1650 feet between
other wells permitted to or producing from the same pool.

(6) That said wells in (2) above are legal locations under the Davis
Buttes-Tyler Pool Order.

(7) That to protect correlative rights this application should be
denied.

IT IS THEREFORE ORDERED:

(1) That this application is hereby denied.

(2) That this order shall remain in full force and effect until further order of the Commission.

Dated this 29th _ day of April __, 1985.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ George A. Sinner _
George A. Sinner, Governor

/s/ Nicholas J. Spaeth _
Nicholas J. Spaeth, Attorney General

/s/ Kent Jones _
Kent Jones, Commissioner of Agriculture

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

AFFIDAVIT OF
MAILING

I, F.E. Wilborn, being duly sworn upon oath, depose and say: That on the 3rd day of May, 1985, I enclosed in separate envelopes true and correct copies of the attached Order No. 3980 of the North Dakota Industrial Commission, and deposited the same with the United States Postal Service in Bismarck, North Dakota, with postage thereon fully paid, directed to the following persons, all of whom appeared at the hearing of the Industrial Commission in Case No. 3499:

Nance Petroleum
Attn: Alan Hill
550 N 31st
Suite 500
Billings, MT 59101

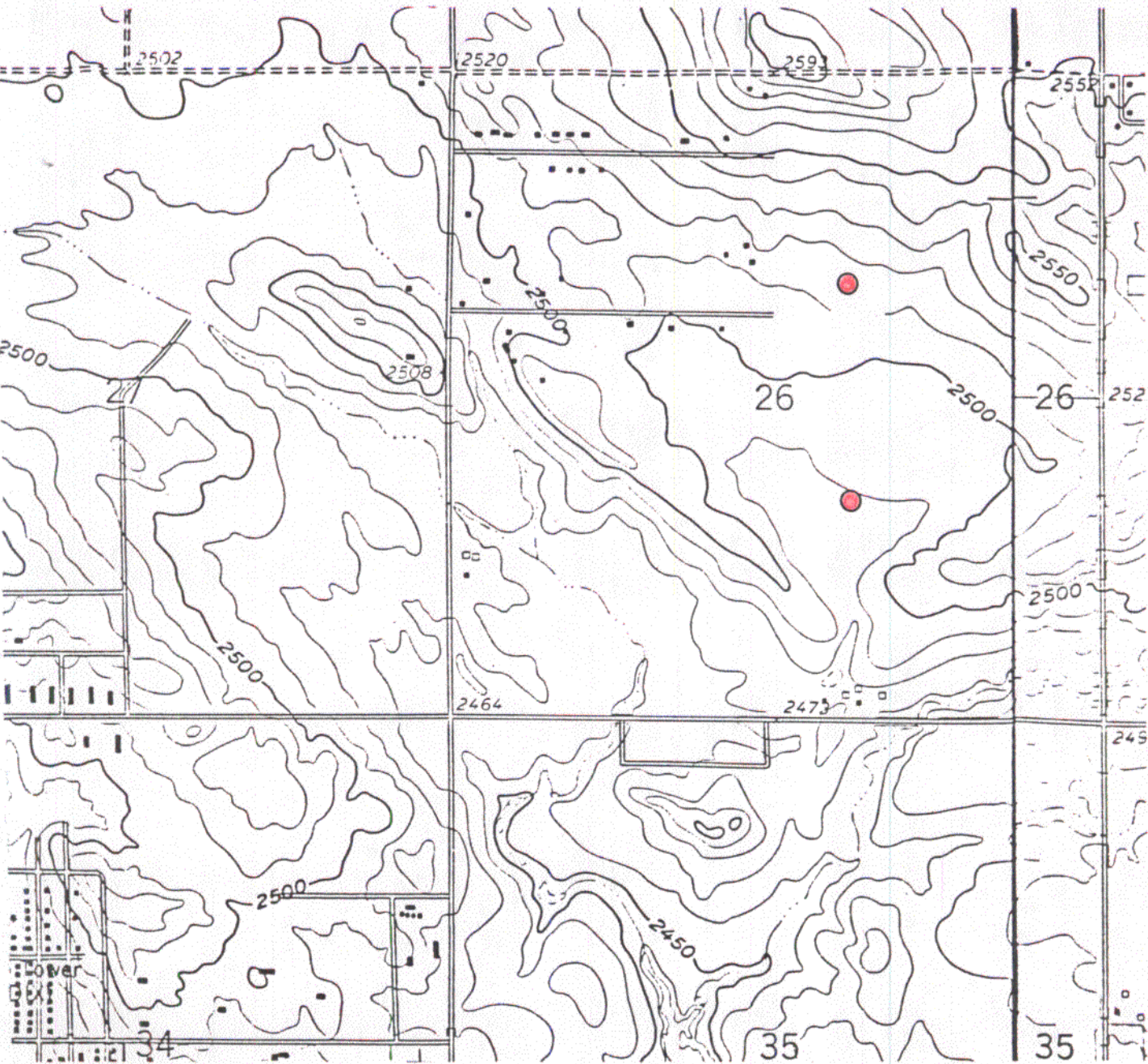
F. E. Wilborn
F. E. Wilborn
Deputy Enforcement Officer
Oil & Gas Division

On this 13th day of May, 1985, before me personally appeared F. E. Wilborn to me known as the person described in and who executed the foregoing instrument and acknowledged that (s)he executed the same as his/her free act and deed.

Karen Hutenkurst
Notary Public
State of ND County of Burleigh
My Commission expires 5-13-88

R 96 W

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140
N



● PROPOSED LOCATION

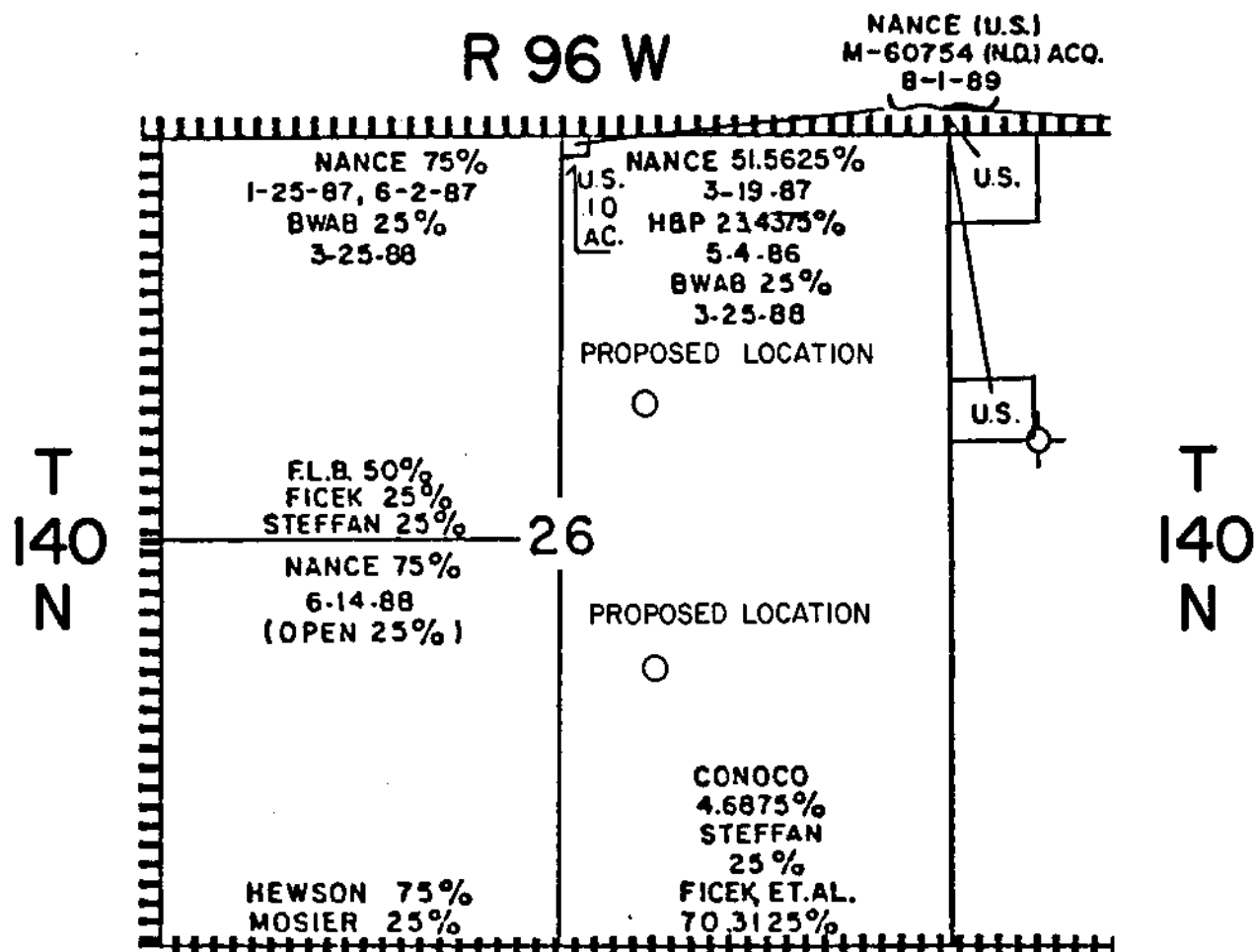
NANCE PETROLEUM CORP.

**SPACING EXCEPTION REQUEST
WEST HOMESTEAD I PROSPECT**

Stark Co., North Dakota
TOPOGRAPHIC MAP

EXHIBIT A

CASE NO. : 3499



NANCE PETROLEUM CORP.

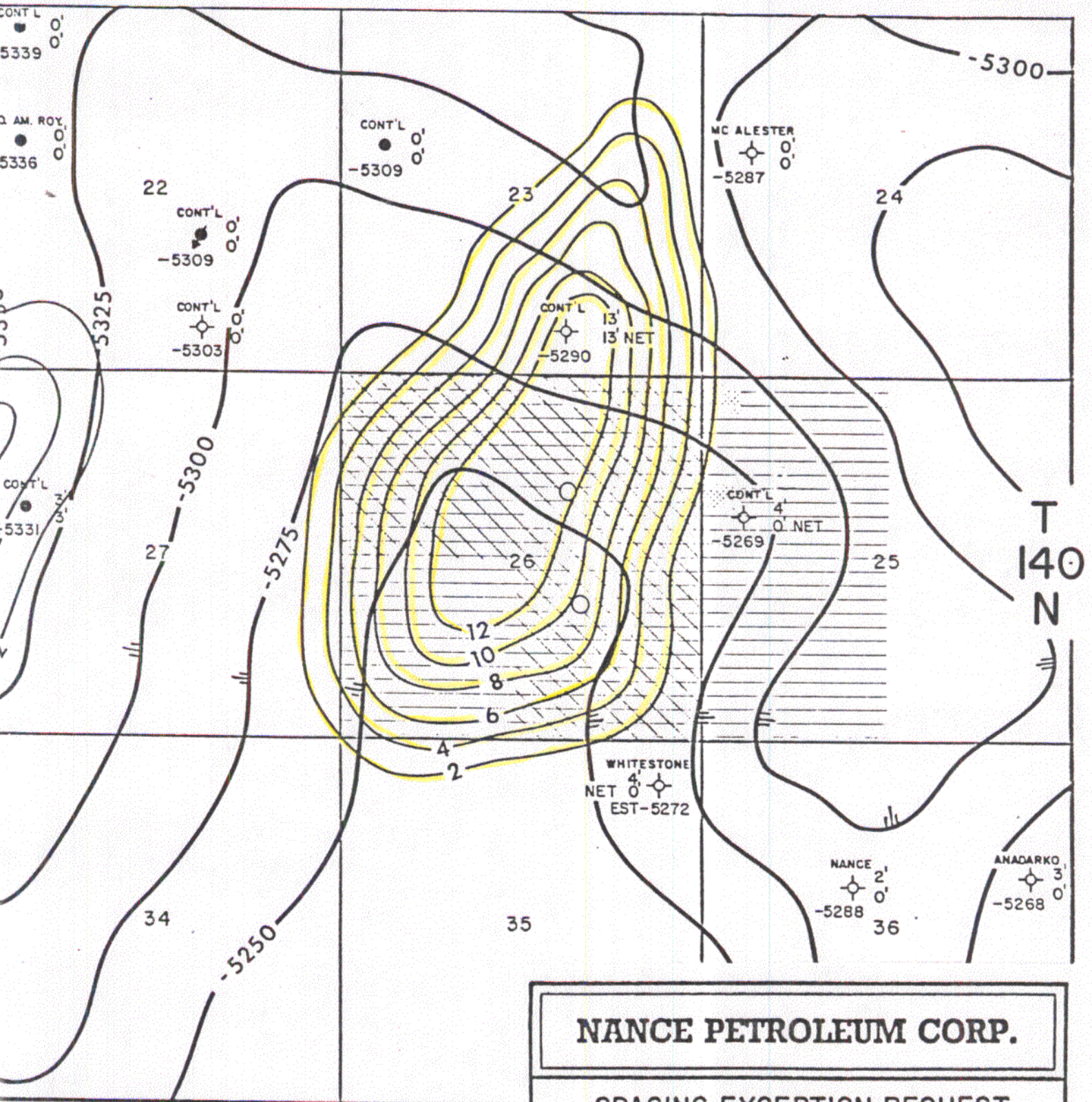
SPACING EXCEPTION REQUEST WEST HOMESTEAD I PROSPECT

Stark Co., North Dakota
LEASEHOLD OWNERSHIP MAP

EXHIBIT B

CASE NO. : 3499

R 96 W



○ PROPOSED LOCATION

NANCE PETROLEUM CORP.

SPACING EXCEPTION REQUEST
WEST HOMESTEAD I PROSPECT

Stark Co., North Dakota
TYLER STRUCTURE MAP
W/ TYLER 'B' NET SAND MAP

EXHIBIT C

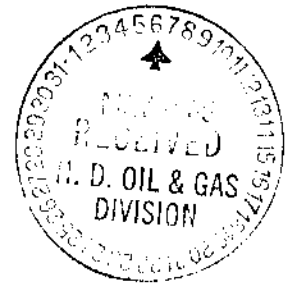
CASE NO.: 3499

CASE # 3499



Mark K. Mosley
Division Manager
Production Department

Conoco Inc.
907 North Poplar
Casper, WY 82601
(307) 234-7311



April 30, 1985

North Dakota Industrial Commission
Oil and Gas Division
900 East Boulevard
Bismarck, North Dakota 58505

Gentlemen:

Application Dated April 2, 1985 by
Nance Petroleum Corporation for
Exception Locations and Exemption from the
Spacing Rules for the Dickinson Field - Heath Pool
SW/NE and NW/SE Section 26, T140N, R96W
Stark County, North Dakota

Conoco Inc., as a mineral interest owner in Section 26, T140N, R96W, is in receipt of Nance Petroleum Corporation's April 2, 1985 application requesting exemptions from the spacing requirements of the Dickinson Field and further requesting 320 acre spacing units in said Section 26. These exceptions were requested due to "surface conditions and geologic conditions in the area".

We note that North Dakota Industrial Commission Order No. 1224 (July 10, 1973) states, in part, "all wells drilled within one and one-half miles of the boundary of the Dickinson Field shall conform to the spacing pattern and drilling units established in the adjacent field area". This adjacent area is spaced on 160 acres with permitted locations to be in the approximate center of each southwest quarter-quarter sections. We further note that one of the proposed locations is in the SW/NE Section 26 and appears to be a legal location. Conoco further has no objection to the well location of NW/SE Section 26 if constrained by surface conditions in the area (i.e. topography, buildings, etc.).

However, Conoco Inc., as a mineral owner in Section 26, and as operator of the Dickinson Heath Sand Unit, opposes the proposed spacing of 320 acres per well as we do not believe that pattern will protect the correlative rights of all owners. In the absence of definite information as to why or how wells in this section are capable of draining 320 acres, any such proposal is purely conjecture. As operator of the Dickinson Heath Sand Unit and other wells in the area, Conoco has ample evidence that the current spacing rule of one well per 160 acres is the most efficient pattern for Heath Sand production.

North Dakota Industrial Commission
Oil and Gas Division
April 30, 1985
Page Two

Therefore, Conoco Inc. respectfully submits our objection to the subject application and requests that the Commission retain the current spacing rules for said Section 26.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Mark K. Mosley", with a long, sweeping horizontal line extending to the right.

Mark K. Mosley
Division Manager

pap

cc: Fleck, Mather, Strutz, & Mayer, Ltd.
Attorneys for the Applicant
Norwest Bank Building, Suite 600
P. O. Box 2798
Bismarck, North Dakota 58502

#3499 ✓

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA



IN THE MATTER OF THE APPLICATION)
OF NANCE PETROLEUM CORPORATION)
FOR AN ORDER OF THE COMMISSION)
PERMITTING THE DRILLING OF WELLS)
IN THE APPROXIMATE CENTERS OF THE)
SW $\frac{1}{4}$ NE $\frac{1}{4}$ AND NW $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 26,)
TOWNSHIP 140 NORTH, RANGE 96 WEST,)
STARK COUNTY, NORTH DAKOTA, AS AN)
EXCEPTION TO THE SPACING REQUIRE-)
MENTS IN THE DICKINSON FIELD,)
AND FURTHER DESIGNATING THE N $\frac{1}{2}$ AND)
S $\frac{1}{2}$ OF SAID SECTION 26, AS THE)
SPACING UNITS FOR THE DICKINSON)
HEATH POOL.)

APPLICATION

COMES NOW the applicant, Nance Petroleum Corporation, and respectfully alleges:

1. That it is the owner of an oil and gas leasehold interest within the NE $\frac{1}{4}$ and SE $\frac{1}{4}$ of Section 26, Township 140 North, Range 96 West, Stark County, North Dakota.

2. That said lands are within the Buffer Zone of the Dickinson Heath Pool and the applicable spacing order requires wells to be located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of the section.

3. That applicant is desirous of drilling wells to test the Heath Formation in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 26.

4. That said locations are required by surface conditions and geologic conditions in the area.

5. A copy of this application and the plat attached hereto has been sent to the following affected owners:

BWAB Inc.
1000 City Center 4
1801 California Street
Denver, CO 80202

Hermerich & Payne Inc.
Utica At Twenty-First Street
Tulsa, OK 74114

Conoco
555 17th Street, 9th Floor
Denver, CO 80202

Janet N. Fletcher
3248 S. Evdora
Denver, CO 80202

Michael T. Mosier
2745 Flora Place
Denver, Co 80202

William H. Mosier
2745 Flora Place
Denver, CO 80202

Naomi Mosier
2745 Flora Place
Denver, CO 80202

WHEREFORE, applicant respectfully requests that the matter be set for hearing at the regularly scheduled April hearings and that thereafter the Commission enter its order granting the relief requested.

Dated this 2nd day of April, 1985.

NANCE PETROLEUM CORPORATION

FLECK, MATHER, STRUTZ & MAYER, Ltd.
Attorneys for the Applicant
Norwest Bank Building, Suite 600
P.O. Box 2798
Bismarck, ND 58502

By


JOHN W. MORRISON

STATE OF NORTH DAKOTA)
COUNTY OF BURLEIGH)

JOHN W. MORRISON, being first duly sworn on oath, deposes and says that he is the attorney for the applicant herein named, that he has read the above and foregoing application, knows the contents thereof, and that the same is true to the best of this affiant's knowledge, information and belief.


JOHN W. MORRISON

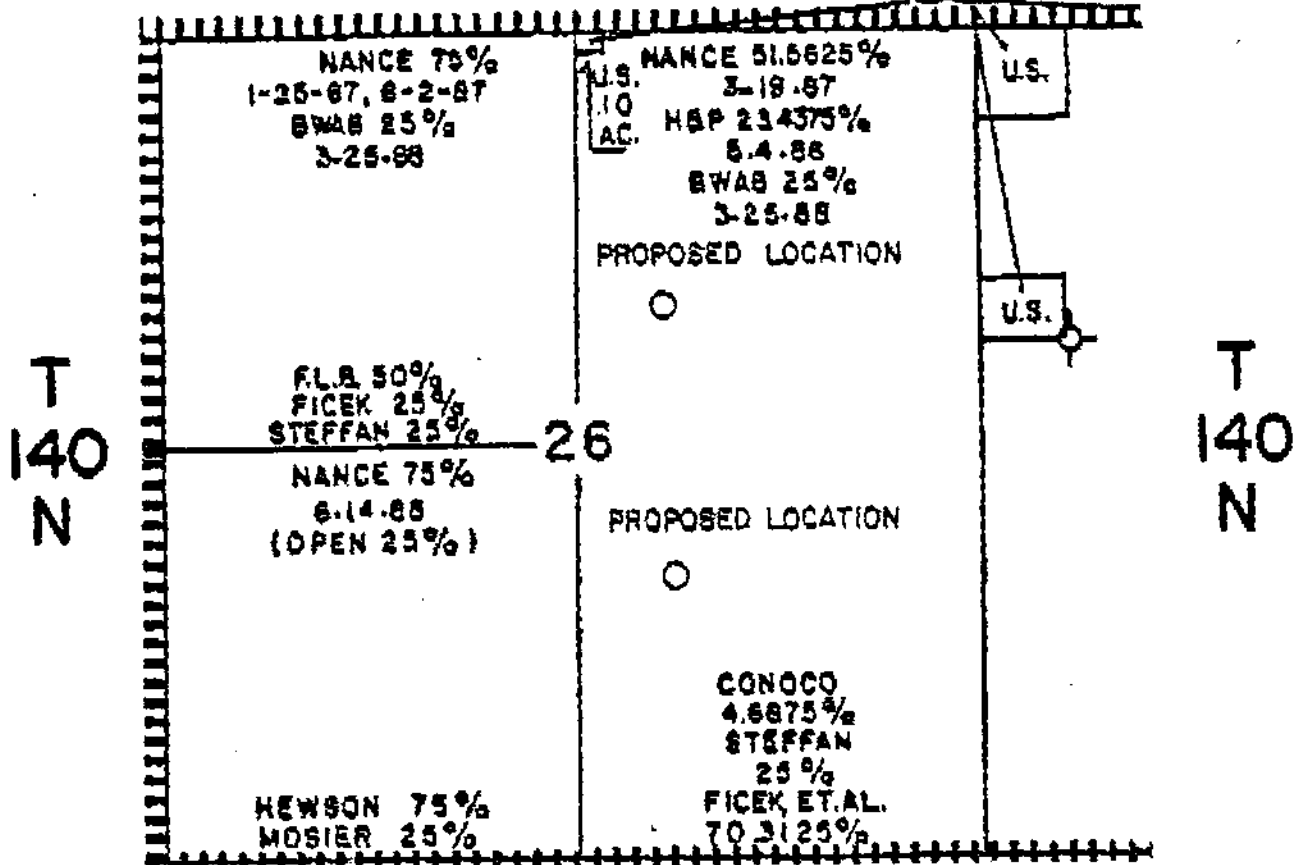
Subscribed and sworn to before me this 2nd day of April,
1985.

(S E A L)

Beth Ann Wald
Beth Ann Wald, Notary Public
Burleigh County, North Dakota
My Commission Expires: 11/28/90

R 96 W

NANCE (U.S.)
M-80754 (H.Q.) ACO.
8-1-88



NANCE PETROLEUM CORP.

SPACING EXCEPTION REQUEST
WEST HOMESTEAD I PROSPECT

Stark Co., North Dakota
LEASEHOLD OWNERSHIP MAP

EXHIBIT B

CASE NO.

CERTIFICATE OF PUBLICATION
THE DICKINSON PRESS
Dickinson, North Dakota



NOTICE OF PUBLICATION
NORTH DAKOTA
INDUSTRIAL COMMISSION
BISMARCK, NORTH DAKOTA

The State of North Dakota by its Industrial Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following public hearing to be held at 9:00 a.m. on April 23, 1985, Pioneer Room, Judicial Wing, State Capitol Building, Bismarck, North Dakota. For the purpose of this hearing, the Commission, any member thereof acting as Examiner, or an Examiner appointed by the Commission will receive testimony and exhibits.

STATE OF NORTH DAKOTA TO:

All named parties and persons having any right, title, interest, or claim in the following cases and notices to the public. CASE NO. 3499: ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF NANCE PETROLEUM CORPORATION FOR AN ORDER PERMITTING THE DRILLING OF WELLS IN THE APPROXIMATE CENTERS OF THE SW NE AND NW SE OF SECTION 26, T.140N., R.96W., STARK COUNTY, NORTH DAKOTA, AS AN EXCEPTION TO THE SPACING REQUIREMENTS IN THE DICKINSON FIELD, AND FURTHER DESIGNATING THE N/2 AND S/2 OF SAID SECTION 26, AS THE SPACING UNITS FOR THE DICKINSON-HEATH POOL.

Signed by,
George A. Sinner, Governor
Chairman, ND Industrial Commission
(Published April 9, 1985)

STATE OF NORTH DAKOTA, }

County of Stark.

Marilyn Wanner

PAID

, of said state and county, being first duly sworn, on oath says: That s he is the Bookkeeper of the Dickinson Press, Inc., publisher of **THE DICKINSON PRESS**, a daily newspaper of general circulation, printed and published at Dickinson, in said county and state, and has been such during the time hereinafter mentioned; and that advertisement headed _____

Legal--ND Industrial Commission...Case No. 3499

\$14.58

a printed copy of which is hereunto annexed, was printed and published in **The Dickinson Press**, and in the regular and entire issue of each and every number 1 consecutive weeks, commencing on the 9th day of April A.D. 19 85, and ending on the 9th day of April A.D., 19 85, both inclusive.

Sworn to and subscribed to before me this 9th day of April A.D. 19 85.

ED J. HAUCK
Notary Public, STARK COUNTY, N. DAK.
My Commission Expires JUNE 6, 1985

HAROLD L. NELSON
ADMINISTRATIVE OFFICER - II