

BEFORE THE INDUSTRIAL COMMISSION

OF THE STATE OF NORTH DAKOTA

CASE NO. 3841

ORDER NO. 4376

IN THE MATTER OF A HEARING CALLED ON A
MOTION OF THE COMMISSION TO CONSIDER THE
APPLICATION OF VERN O. LUND FOR AN ORDER TO
PERMIT THE FLARING OF GAS PRODUCED FROM
CERTAIN OIL WELLS LOCATED IN THE MOHALL
FIELD, BOTTINEAU COUNTY, NORTH DAKOTA, AS
AN EXCEPTION TO SECTION 38-08-06.4 NORTH
DAKOTA CENTURY CODE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m.
on the 21st day of April, 1986, in Bismarck, North Dakota, before an examiner
appointed by the Industrial Commission of North Dakota, hereinafter referred
to as the "Commission."

NOW, on this 5th day of May, 1986, 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 Section 38-08-06.4 of the North Dakota Century Code 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, or until June 30, 1986, for wells in
production prior to July 1, 1985. Thereafter,
flaring of gas from the well must cease and the
well must either be capped or connected to a
gas gathering line. For a well operated in
violation of this section, the producer shall
pay royalties to royalty owners and gross
production tax imposed under section 57-51-02
upon the value of the flared gas. The
industrial commission shall enforce this section
and, for each well operator found to be in
violation of this section, shall determine the
value of flared gas for purposes of payment of
gross production tax and 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.

(3) That applicant is the operator ("producer") of the following wells in the Mohall-Madison Pool, Bottineau County, North Dakota:

Erickson #1, Section 30, T.162N., R.83W.

Wade #30-1, Section 30, T.162N., R.83W.

(4) That the Mohall-Madison Pool is an oil reservoir, but gas is produced in association with crude oil at the wellhead as a by-product of oil production.

(5) That the wells are currently not connected to a gas gathering facility and that all casinghead gas being produced by the wells and not being used for lease operations is being flared.

(6) That the applicant has submitted evidence that under current market conditions the surplus casinghead gas presently being produced by the wells and the estimated recoverable reserves from the wells are insufficient to recoup the costs of installing and operating a gas gathering facility.

(7) That if the applicant's request in this matter is not granted, royalties and tax must be paid on the flared gas from the above described wells, or flaring must cease and the wells must be "capped", resulting in the loss of oil production and the loss of the benefits of that production by all owners of interest in the wells and the State of North Dakota.

(8) That considering the amount of surplus gas being produced by the wells and the amount of estimated recoverable reserves from the wells, it is economically infeasible at this time, or in the foreseeable future, to connect the wells to a gas gathering facility.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby allowed to flare surplus casinghead gas produced with crude oil from the Mohall-Madison Pool through the wells listed in (3) of the findings as an exception to the provisions of Section 38-08-06.4 of the North Dakota Century Code.

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

Dated this 5th day of May, 1986.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

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

Nicholas J. Spaeth, Attorney General

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

COMBINED WITH CASES #3840 - #3847

3841

3842 ✓

#3841

TO: North Dakota Industrial Commission
900 East Boulevard
Bismarck, North Dakota 58505

APPLICATION

IN THE MATTER OF THE APPLICATION OF
VERN O. LUND FOR AN ORDER OF THE
COMMISSION GRANTING AN EXEMPTION FROM
THE PROVISIONS OF SECTION 38-08-06.4
NDCC FOR FLARING GAS PRODUCED WITH
CRUDE OIL FROM THE FOLLOWING WELLS:
1-15 TARALSETH, TOWNSHIP 162 NORTH,
RANGE 79 WEST, SECTION 15: NW $\frac{1}{4}$ SE $\frac{1}{4}$;
1 ERICKSON, TOWNSHIP 162 NORTH,
RANGE 83 WEST, SECTION 30: NESW;
30-1 WADE, TOWNSHIP 162 NORTH,
RANGE 83 WEST, SECTION 30: SW $\frac{1}{4}$ SE $\frac{1}{4}$;
1 BRANDT, TOWNSHIP 161 NORTH,
RANGE 78 WEST, SECTION 35: SW $\frac{1}{4}$ SW $\frac{1}{4}$;
2 BRONDERSLEV, TOWNSHIP 163 NORTH,
RANGE 81 WEST, SECTION 30: NWNW;
#1 JOHNSON, TOWNSHIP 163 NORTH,
RANGE 83 WEST, SECTION 24: SE $\frac{1}{4}$ SE $\frac{1}{4}$;
1 ENGSTROM, TOWNSHIP 163 NORTH,
RANGE 83 WEST, SECTION 24: SE $\frac{1}{4}$ NW $\frac{1}{4}$;
2 ENGSTROM, TOWNSHIP 163 NORTH,
RANGE 83 WEST, SECTION 24: SE $\frac{1}{4}$ SW $\frac{1}{4}$;
3 ENGSTROM, TOWNSHIP 163 NORTH,
RANGE 83 WEST, SECTION 24: NW $\frac{1}{4}$ SW $\frac{1}{4}$;
4 ENGSTROM, TOWNSHIP 163 NORTH,
RANGE 83 WEST, SECTION 24: SW $\frac{1}{4}$ SW $\frac{1}{4}$;
5 ENGSTROM, TOWNSHIP 163 NORTH,
RANGE 83 WEST, SECTION 24: NE $\frac{1}{4}$ SW $\frac{1}{4}$;
ALL IN BOTTINEAU COUNTY, NORTH DAKOTA,
AND #1-R ANDERSON, TOWNSHIP 163 NORTH,
RANGE 91 WEST, SECTION 22: NW $\frac{1}{4}$ SE $\frac{1}{4}$;
1 THEODORE OLSON, TOWNSHIP 162 NORTH,
RANGE 90 WEST, SECTION 18: NW $\frac{1}{4}$ NE $\frac{1}{4}$, ALL
IN BURKE COUNTY, NORTH DAKOTA.

COMES NOW Vern O. Lund of P. O. Box 1773, Minot, North Dakota
58701 by and through his Attorney, C. B. Thames, Jr., of P. O. Box
1433, Bismarck, North Dakota 58502, and respectfully shows the Commission
as follows:

I.

Applicant is the Operator of the following listed wells located
in Bottineau County, North Dakota:

#1-15 Taralseth *Bison*
Township 162 North, Range 79 West
Section 15: NW $\frac{1}{4}$ SE $\frac{1}{4}$
File No. 5134

✓ #3840

1 Erickson *McKall*
Township 162 North, Range 83 West
Section 30: NE $\frac{1}{4}$ SW $\frac{1}{4}$
File No. 6363

30-1 Wade *Wade*
Township 162 North, Range 83 West
Section 30: SW $\frac{1}{4}$ SE $\frac{1}{4}$
File No. 5854

#1 Brandt *South Strickland*
Township 161 North, Range 78 West
Section 35: SW $\frac{1}{4}$ SW $\frac{1}{4}$
File No. 4273

2 Bronderslev *Ortner*
Township 163 North, Range 81 West
Section 30: NW $\frac{1}{4}$ NW $\frac{1}{4}$
File No. 5193

#1 John Johnson *A. Hoas*
Township 163 North, Range 83 West
Section 24: SE $\frac{1}{4}$ SE $\frac{1}{4}$
File No. 2247

#1 Alvin Engstrom *A. Hoas*
Township 163 North, Range 83 West
Section 24: SE $\frac{1}{4}$ NW $\frac{1}{4}$
File No. 2330

2 Edwin Engstrom *Hoas*
Township 163 North, Range 83 West
Section 24: SE $\frac{1}{4}$ SW $\frac{1}{4}$
File No. 3060

#3 Edwin Engstrom *Hoas*
Township 163 North, Range 83 West
Section 24: NW $\frac{1}{4}$ SW $\frac{1}{4}$
File No. 3114

#4 Edwin Engstrom *Hoas*
Township 163 North, Range 83 West
Section 24: SW $\frac{1}{4}$ SW $\frac{1}{4}$
File No. 7129

5 Edwin Engstrom *Hoas*
Township 163 North, Range 83 West
Section 24: NE $\frac{1}{4}$ SW $\frac{1}{4}$
File No. 7836

II.

Applicant is the Operator of the following listed wells located in Burke County, North Dakota:

1 ✓ #3846 # 1-R Anderson *Woburn*
2 Township 163 North, Range 91 West
3 Section 22: NW $\frac{1}{4}$ SE $\frac{1}{4}$
4 File No. 9563

5 ✓ #3847 #1 Theodore Olson *Woburn*
6 Township 162 North, Range 90 West
7 Section 18: NW $\frac{1}{4}$ NE $\frac{1}{4}$
8 File No. 1531

9 III.

10 That some gas is produced associated with oil production from
11 the above listed wells.

12 IV.

13 That the amount of gas produced from each of the above wells is
14 only marginally sufficient for lease operations, although on occasion
15 a small amount, TSTM, may be vented or flared.

16 V.

17 That there is no market known to Applicant for the gas produced
18 from the listed wells at this time, or in the foreseeable future.

19 WHEREFORE Applicant Prays:

20 1.

21 That the Commission set this matter for hearing at its early
22 convenience.

23 2.

24 That the Commission issue its Order granting exemption to the
25 application of 38-08-06.4 NDCC to each of the above listed wells.

26 3.

27 That the Commission grant such other and further relief as may
28 be just and reasonable.

Dated this 29th day of March, 1986.

C. B. Thames, Jr.

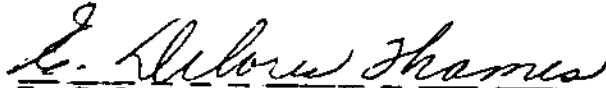
C. B. Thames, Jr., Attorney for
Vern O. Lund,
P. O. Box 1433
Bismarck, North Dakota 58502

1 STATE OF NORTH DAKOTA)
2) ss.
3 COUNTY OF BURLEIGH)

4 COMES NOW C. B. Thames, Jr., being first duly sworn on oath,
5 deposes and says that he is the Attorney for the Applicant herein
6 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.

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8 
9 C. B. Thames, Jr.

10 Subscribed and sworn to before me this 29th day of March, 1986.

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12 
13 E. Delores Thames, Notary Public
14 Burleigh County, North Dakota

15 My Commission expires: August 18, 1988.
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