

BEFORE THE INDUSTRIAL COMMISSION  
OF THE STATE OF NORTH DAKOTA

CASE NO. 3937  
ORDER NO. 4483

IN THE MATTER OF A HEARING CALLED ON A  
MOTION OF THE COMMISSION TO CONSIDER THE  
APPLICATION OF THE LOUISIANA LAND &  
EXPLORATION COMPANY FOR AN ORDER TO  
PERMIT THE FLARING OF GAS PRODUCED FROM  
CERTAIN OIL WELLS LOCATED IN THE AMBROSE  
FIELD, DIVIDE 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 24th 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 Ambrose-Duperow Pool, Divide County, North Dakota:

Almos #11-23, Section 23, T.163N., R.99W.

Bublitz 42-22 #1, Section 22, T.163N., R.99W.

Bublitz 34-22 #2, Section 22, T.163N., R.99W.

Ness 41-23 #1, Section 23, T.163N., R.99W.

State Henning 32-14 #1, Section 14, T.163N., R.99W.

Torgeson 34-15 #1, Section 15, T.163N., R.99W.

(4) That the Ambrose-Duperow 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 connected to a gas gathering pipeline and liquid extracting plant; however, gas is flared at the plant.

(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 to connect the wells to a gas gathering facility.

(9) That current conditions and circumstances relative to gas production, reserves, price and market, may change; hence, any exemptions granted should be limited in duration.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby allowed to flare surplus casinghead gas produced with crude oil from the Ambrose-Duperow 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 the Enforcement Officer shall have the authority to administratively approve an application to extend the provisions of this order.

(3) That this order shall continue in full force and effect until the 1st day of June, 1987, unless modified by further order of the Commission or unless extended by administrative approval of the Enforcement Officer upon application by the operator and a showing that conditions and circumstances prevailing at the time of the hearing still exist.

Dated this 5th day of May, 1986.

INDUSTRIAL COMMISSION  
STATE OF NORTH DAKOTA

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

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Nicholas J. Spaeth, Attorney General

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

NORTH DAKOTA INDUSTRIAL COMMISSION

ENFORCEMENT OFFICER'S  
ORDER NO. 73

IN THE MATTER OF THE APPLICATION  
OF LOUISIANA LAND AND EXPLORATION  
COMPANY FOR ADMINISTRATIVE  
APPROVAL BY THE ENFORCEMENT  
OFFICER CONTINUING THE EXEMPTION  
TO SECTION 38-08-06.4 NDCC FOR ITS  
WELLS IN THE AMBROSE-DUPEROW  
POOL, DIVIDE COUNTY, NORTH  
DAKOTA, PROVIDED IN COMMISSION  
ORDER NO. 4483.

ADMINISTRATIVE ORDER OF THE ENFORCEMENT OFFICER

Pursuant to Section 38-08-06.4 NDCC the Industrial Commission, hereinafter "Commission", issued its Order No. 4483, in Case No. 3937, granting Louisiana Land and Exploration Company an exemption from the obligation to pay taxes and royalties on gas production that is flared from the following wells in the Ambrose-Duperow Pool:

<u>File No.</u>	<u>Well Name &amp; No.</u>	<u>Location</u>
10301	Torgeson 34-15 #1	SW SE 15-163-99

As provided therein, the order continues in force and effect indefinitely, unless modified by further order of the Commission, or unless extended by administrative approval of the Enforcement Officer upon application by the operator, and a showing that conditions and circumstances prevailing at the time of the hearing of Case No. 3937 still exist.

On May 27, 1987, Louisiana Land and Exploration Company made application to the Enforcement Officer for administrative approval to continue Order No. 4483 in force and effect. Information contained in the application indicates that it is economically infeasible at this time and in the foreseeable future to connect the wells listed above to a natural gas gathering line.

IT IS THEREFORE ORDERED:

(1) That Order No. 4483 shall continue in full force and effect until further order of the Commission, or the Enforcement Officer.

Dated this 29th day of May, 1987.

Wesley D. Norton  
Wesley D. Norton  
Enforcement Officer

The Louisiana Land and Exploration Company  
Western Division

Suite 1200, One Civic Center Plaza  
1560 Broadway  
Denver, Colorado 80202

Area Code 303  
830-2299

May 13, 1987



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

Attention: F. E. Wilborn  
Deputy Enforcement Officer

Re: Exemption to Flare Gas  
Ambrose Field  
Case No. 3937

Dear Mr. Wilborn:

Custom Energy has laid a pipeline to the Ambrose Field and all wells are connected with the exception of the No. 1 Torgeson 34-15 well. This well is producing very little natural gas (attachment No. 1) and the estimated \$10,000 expense to lay a pipeline to this well can not be justified at this time.

We therefore request an extension on Case No. 3937 for the No. 1 Torgeson 34-15.

If there are any questions, please contact me at (303) 830-2299.

Very truly yours,

THE LOUISIANA LAND AND  
EXPLORATION COMPANY

Rick L. Kirby  
Senior Petroleum Engineer

RLK/cs

Attachment

NORTH DAKOTA INDUSTRIAL COMMISSION

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**OIL AND GAS DIVISION**

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WESLEY D. NORTON  
Chief Enforcement Officer

F. E. WILBORN  
Deputy Enforcement Officer

CLARENCE G. CARLSON  
Geologist

CHARLES KOCH  
Engineering Dept.

DOREN DANNEWITZ  
Field Supervisor

KEN KALLESTAD  
Reclamation Sup.

April 23, 1987

Louisiana Land and  
Exploration Company  
P.O. Box 60350  
New Orleans, LA 70160

Gentlemen:

The Industrial Commission in its Order No. 4483, Case No. 3937, granted Louisiana Land and Exploration Company an exemption from the obligation to pay taxes and royalties pursuant to Section 38-08-06.4 of the North Dakota Century Code on the volume of gas flared from the following wells for each respective pool:

<u>File No.</u>	<u>Well Name &amp; Number</u>	<u>Location</u>	<u>Pool</u>
10298	State Henning 32-14 #1	SW NE 14-163-99	Duperow
10137	Almos #11-23	NW NW 23-163-99	Duperow
11201	Bublitz 42-22 #1	SE NE 22-163-99	Duperow
11438	Bublitz 34-22 #2	SW SE 22-163-99	Duperow
9903	Ness 41-23 #1	NE NE 23-163-99	Duperow
10301	Torgeson 34-15 #1	SW SE 15-163-99	Duperow

The exemption provided in said order expires on the 1st day of June, 1987, unless modified by further order of the Commission, or extended by administrative approval of the Enforcement Officer. If continued exemption is desired, Louisiana Land and Exploration Company must make application to the Enforcement Officer for administrative approval, or to the Commission for an order continuing the exemption. The application to the Enforcement Officer must demonstrate that the conditions and circumstances relative to the flaring of gas at the time of the hearing of Case No. 3937 still exist.

If there are any questions, please do not hesitate to contact us.

Sincerely,

*F.E. Wilborn*  
F.E. Wilborn  
Deputy Enforcement Officer

FEW/tp



# AMBROSE FIELD

Well Name	Location	Data as of 5/1/87			Cumulative Gas MCF	Ultimate Gas Reserves MCF	H <sub>2</sub> S Content PPM	Distance from Gathering System
		BOPD	MCFD	GOR SCF/BBL				
#1 Torgeson 44-15	SW/SE Sec. 15, T163N-R99W, Divide Cty, ND	10	10	1,000	20,547	23,293	0**	1,800'
<b>Wells connected to Custom Energy Gas Processing Plant and Pipeline:</b>								
#1 Bublitz 44-22	SE/NE Sec. 22, T163N-R99W, Divide Cty, ND	32	57	1,781	53,204	70,095	0**	Connected
#2 Bublitz 34-22	SW/SE Sec. 22, T163N-R99W, Divide Cty, ND	54	35	648	29,892	15,770	50*	Connected
#1 State Henning	NE Sec. 14, T163N-R99W, Divide Cty, ND	148	97	655	101,768	159,918	30**	Connected
#1 Ness 41-23	NE/NE Sec. 23, T163N-R99W, Divide Cty, ND	24	42	1,750	45,730	40,799	50**	Connected
#1 Almos 11-23	NW Sec. 23, T163N-R99W, Divide Cty, ND	48	111	2,312	107,650	130,944	50**	Connected

\*Estimated by Analogy  
 \*\*Actual Gas Analysis Measurement



STATE OF NORTH DAKOTA

COUNTY OF BURLEIGH

AFFIDAVIT OF  
MAILING

I, Evie Reisenauer, being duly sworn upon oath, depose and say: That on the 20th day of May, 1986, I enclosed in separate envelopes true and correct copies of the attached Order No. 4483 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. 3937:

Rick Kirby  
1560 Broadway  
Suite 1200  
Denver, CO 80202

Evie Reisenauer

Evie Reisenauer  
Oil & Gas Division

On this 23rd day of May, 1986, before me personally appeared Evie Reisenauer 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 Huttenkust

Notary Public

State of ND County of Burleigh  
My Commission expires 5-13-88

R 101 W

R 100 W

R 99 W

T  
163  
N

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162  
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1 STATE 44-9

1 PEDERSON 11-15

2 PEDERSON 12-18

1 TONGESON 4-15

1 ALMOE 11-23

1 DUBLITZ 4-22

2 DUBLITZ 34-22

1 BARSTAD 1-30

MOSSE 32-30

1 SUSAN 3-25

1 ANAS 23-30

1 LEGA AND 14-33



The Louisiana Land and Exploration Company  
WESTERN DIVISION  
360 Broadway, 200 One Civic Center Plaza, Suite 1000  
Williston Basin

AMBROSE FIELD  
DIVIDE COUNTY NORTH DAKOTA

CASE NO. 3937 BEFORE THE  
NO. DAK. INDUSTRIAL COMMISSION

NO SCALE

APRIL 1986

PROPOSED

ROUTE

EXISTING  
PIPELINE

Ex 1

Ex 2

**WELLS WITH FLARED GAS  
AMBROSE FIELD**

Well Name	Location	Data as of 1/1/86			Cumulative Gas MCF	Ultimate Gas Reserves MCF	H2S Content PPM	Distance from Gathering System
		Production		GOR SCF/BB1				
		BOPD	MCFD					
#1 Torgeson 44-15	SW/SE Sec. 15, T163N-R99W, Divide Cty, ND	14	15	1,071	14,297	29,543	0**	15 miles
Wells connected to Custom Energy Gas Processing Plant:								
#1 Bublitz 44-22	SE/NE Sec. 22, T163N-R99W, Divide Cty, ND	52	53	1,031	25,704	97,595	0**	14 miles
#2 Bublitz 34-22	SW/SE Sec. 22, T163N-R99W, Divide Cty, ND	72	41	569	10,892	34,770	50*	14 miles
#1 State Henning	NE Sec. 14, T163N-R99W, Divide Cty, ND	133	92	689	54,518	207,168	30**	15 miles
#1 Ness 41-23	NE/NE Sec. 23, T163N-R99W, Divide Cty, ND	34	38	1,120	25,730	60,799	50**	15 miles
#1 Almos 11-23	NW Sec. 23, T163N-R99W, Divide Cty, ND	70	98	1,400	55,400	183,194	50**	15 miles

INVESTMENT ESTIMATE \$760,000

\*Estimated by Analogy  
\*\*Actual Gas Analysis Measurement

BEFORE THE INDUSTRIAL COMMISSION  
OF THE STATE OF NORTH DAKOTA

3937

IN THE MATTER OF THE APPLICATION )  
OF THE LOUISIANA LAND AND EXPLORA- )  
TION COMPANY, FOR AN ORDER OF THE )  
COMMISSION GRANTING AN EXEMPTION )  
FROM THE PROVISIONS OF SECTION )  
38-08-06.4 OF THE NORTH DAKOTA )  
CENTURY CODE, RELATING TO THE )  
FLARING OF GAS PRODUCED IN ASSOCIA- )  
TION WITH CRUDE OIL, FROM THE )  
FOLLOWING WELLS, ALL LOCATED IN THE )  
AMBROSE FIELD, DIVIDE COUNTY, )  
NORTH DAKOTA: 1. TORGESON 44-15, )  
LOCATED IN SECTION 15, TOWNSHIP 163 )  
NORTH, RANGE 99 WEST, 2. #1 BUBLITZ )  
44-22, #2 BUBLITZ 34-22, BOTH )  
LOCATED IN SECTION 22, TOWNSHIP 163 )  
NORTH, RANGE 99 WEST, 3. #1 STATE )  
HENNING, LOCATED IN SECTION 14, )  
TOWNSHIP 163 NORTH, RANGE 99 WEST, )  
AND 4. #1 NESS 41-23, #1 ALMOS )  
11-23, LOCATED IN SECTION 23, )  
TOWNSHIP 163 NORTH, RANGE 99 WEST. )

APPLICATION

COMES NOW the applicant, The Louisiana Land and Exploration Company, and respectfully alleges as follows:

1. That it is the operator of the following described wells located in the Ambrose Field: (a) #1 Torgeson 44-15 located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 15, (b) #1 Bublitz 44-22 located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 22, (c) #2 Bublitz 34-22 located in the SE $\frac{1}{4}$  of Section 22, (d) #1 State Henning located in the NE $\frac{1}{4}$  of Section 14, (e) #1 Ness 41-23 located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 23 and the #1 Almos 11-23 located in the NW $\frac{1}{4}$  of Section 23, all in Township 163 North, Range 99 West, Divide County, North Dakota.

2. That gas is produced in association with crude oil from said wells.

3. That due to the volumes of gas produced and the location of existing gas lines, connections of said wells to a natural gas gathering line is economically infeasible at the present time and in the foreseeable future. Further, that a market for the gas is not available.

4. That applicant is desirous that the Commission enter its order exempting said wells from the provisions of § 38-08-06.4 of the North Dakota Century Code, relating to the flaring of gas.

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

Dated this 31st day of March, 1986.

THE LOUISIANA LAND AND EXPLORATION  
COMPANY

FLECK, MATHER, STRUTZ & MAYER, LTD.  
Attorneys for the Applicant  
400 East Broadway, Suite 600  
P.O. Box 2798  
Bismarck, ND 58502

BY

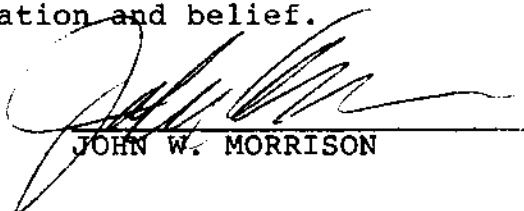
  
JOHN W. MORRISON

STATE OF NORTH DAKOTA )

) ss.

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 31st day of March,  
1986.

( S E A L )

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

BETH ANN WALD  
Notary Public, Burleigh Co., ND  
My commission expires Nov. 28, 1990