

BEFORE THE INDUSTRIAL COMMISSION

OF THE STATE OF NORTH DAKOTA

CASE NO. 6121
ORDER NO. 7082

IN THE MATTER OF A HEARING CALLED ON A
MOTION OF THE COMMISSION TO CONSIDER THE
PROPER SPACING FOR THE DEVELOPMENT OF
THE AMBROSE-RED RIVER POOL, DIVIDE
COUNTY, NORTH DAKOTA, REDEFINE THE LIMITS
OF THE FIELD, AND ENACT SUCH SPECIAL FIELD
RULES AS MAY BE NECESSARY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m.
on the 26th day of July, 1995, in Bismarck, North Dakota, before an examiner
appointed by the Industrial Commission of North Dakota, hereinafter referred to
as the "Commission."

NOW, on this 16th day of August, 1995, 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 geological and engineering evidence presented to the
Commission relative to the matter of well spacing indicates that the
Ambrose-Red River Pool, as classified and defined in this order, should be
developed on a pattern of one well to 160 acres in order to drain
efficiently the recoverable oil from said pool, assure rapid development,
avoid the drilling of unnecessary wells, and prevent waste in a manner that
will protect correlative rights.

(3) That proper 160-acre spacing in the Ambrose-Red River Pool
will result in the efficient and economical development of the field as a
whole and will operate so as to prevent waste and provide maximum ultimate
recovery, will avoid the drilling of unnecessary wells, and will protect
correlative rights.

(4) That the unrestricted flaring of gas produced from the
Ambrose-Red River Pool could be considered waste, and in order to
minimize such, production from the pool should be restricted until the wells
producing therefrom are connected to a gas gathering and processing
facility.

(5) That certain special field rules are necessary to prevent waste
and protect against the contamination and pollution of surface lands and
fresh waters.

IT IS THEREFORE ORDERED:

(1) That the Ambrose Field is hereby redefined as the following described tracts of land in Divide County, North Dakota:

TOWNSHIP 163 NORTH, RANGE 99 WEST, 5TH PM
ALL OF SECTIONS 13, 14, 15, 22, 23 AND 24,

together with those additional quarter sections or governmental lots corresponding thereto as may be proven productive by wells drilled on lands within one mile of the boundaries of the field as set forth above, provided further that such extensions of the field boundaries shall include only sufficient acreage to form a spacing unit for such wells, and any intervening lands.

(2) That the Ambrose-Red River Pool be, and the same is hereby defined as that accumulation of oil and gas found in the interval from below the base of the Stony Mountain Formation to above the top of the Winnipeg Formation within the limits of the field as set forth above.

(3) That effective this date, the proper spacing for the development of the Ambrose-Red River Pool be, and the same is hereby set at one well to 160 acres.

(4) That all wells hereafter drilled to said pool shall be located not less than 500 feet from a spacing unit boundary nor closer than 1650 feet to a well permitted to or producing from the pool. Wells presently permitted to or producing from the pool that do not conform to this spacing pattern shall be considered exceptions.

(5) That spacing units for the Ambrose-Red River Pool shall consist of a governmental quarter section, or lots corresponding thereto, as determined by governmental survey.

(6) That no well shall be drilled hereafter in the Ambrose-Red River Pool except in conformity with the regulations above without special order of the Commission after due notice and hearing.

(7) That the following rules concerning the casing, tubing and equipping of wells shall apply to the subsequent drilling and operation of wells in the Ambrose-Red River Pool:

(a) The surface casing shall consist of new or reconditioned pipe that has been previously tested to 1000 pounds per square inch. The casing shall be set and cemented at a point not less than 50 feet below the base of the Fox Hills Formation. Sufficient cement shall be used to fill the annular space outside the pipe to the surface of the ground or the bottom of the cellar, and sufficient scratchers and centralizers shall be used to assure a good cement job. Cement shall be allowed to stand a minimum of 12 hours before drilling the plug or initiating tests;

(b) The producing or oil string shall consist of new or reconditioned pipe that has been previously tested to 2000 pounds per square inch. Casing shall be set and cemented at a point not higher than the top of the producing formation, or at a point approved by the Director. Sufficient cement shall be used and applied in such manner as to adequately protect and isolate all formations containing oil and/or gas, protect the pipe through salt sections encountered, and to isolate the Dakota-Lakota Series. The cement shall be allowed to stand a minimum of

24 hours before drilling the plug or initiating tests. After cementing, the casing shall be tested by application of pump pressure of at least 2000 pounds per square inch. If, at the end of 30 minutes this pressure shall have dropped 150 pounds per square inch or more, the casing shall be repaired. Thereafter, the casing shall again be tested in the same manner. Further work shall not proceed until a satisfactory test has been obtained;

(c) All well-head fittings and connections shall have a working pressure in excess of that to which they are expected to be subjected; and,

(d) All wells shall be equipped with tubing; all tubing shall be of sufficient internal diameter to allow the passage of a bottom hole pressure gauge for the purpose of obtaining bottom hole pressure measurements.

(8) That the gas-oil ratio of each well shall be measured during the months of May and November, and the reservoir pressure of flowing wells shall be measured in the months of May and November, and in pumping wells when the rods are pulled but at least once annually and reported to the Director within 15 days following the end of the month in which they are determined. Pressure measurements shall be made at or adjusted to a subsea datum of 8750 feet after the well has been shut in for 48 hours. All gas-oil ratio and reservoir pressure determinations shall be made under the supervision of and by methods approved by the Director. The Director is authorized to waive these requirements if the necessity therefor can be demonstrated to his satisfaction.

(9) That no salt water, drilling mud, crude oil, or waste oil shall be stored in pits in this field, except in an emergency, and approved by the Director.

(10) That multiple completion of wells for the purpose of producing oil and/or gas from the various pools encountered in the Ambrose Field, is hereby authorized, subject to the following requirements:

(a) Administrative approval may be given by the Director upon the filing of an application in which the applicant states that the requirements described in (b) through (e) below and other applicable rules and orders of the Commission will be complied with;

(b) An approved production packer shall be set between each of the producing horizons in a manner which will effectively isolate each during the production process;

(c) Production from each producing horizon shall be through separate continuous strings of tubing installed in such a manner with respect to the production packers as will prevent commingling of production in the well bore;

(d) An approved wellhead of a type which allows independent suspension and packing of the tubing shall be used; and,

(e) All tubing shall be of sufficient internal diameter to allow the passage of a bottom hole pressure gauge for the purpose of obtaining bottom hole pressure measurements.

(11) That all wells in the Ambrose-Red River Pool shall be allowed to

produce at an unrestricted 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.

(12) That if the flaring of gas produced with crude oil from the Ambrose-Red River Pool causes, or threatens to cause, degradation of ambient air quality, production from the pool shall be further restricted.

(13) That this order shall cover all of the Ambrose-Red River Pool common source of supply of crude oil and/or natural gas as herein defined, and shall continue in full force and effect until further order of the Commission or until the last well in the pool has been plugged and abandoned.

Dated this 16th day of August, 1995.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ Edward T. Schafer, Governor

/s/ Heidi Heitkamp, Attorney General

/s/ Sarah Vogel, Commissioner of Agriculture

STATE OF NORTH DAKOTA)
)
)
COUNTY OF BURLEIGH)
)

AFFIDAVIT OF MAILING

I, Donna Bauer, being duly sworn upon oath, depose and say: That on the 22nd day of August 1995, I enclosed in separate envelopes true and correct copies of the attached Order No. 7082 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 by the Industrial Commission in Case No. 6121 :

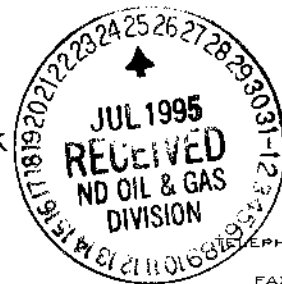
Mr. John Morrison
Fleck, Mather & Strutz Ltd.
P. O. Box 2798
Bismarck, ND 58502

Mr. Lawrence Bender
Pearce & Durick
P. O. Box 400
Bismarck, ND 58502

Donna Bauer
Donna Bauer
Oil & Gas Division

On this 22nd day of August, 1995, before me personally appeared Donna Bauer to me known as the person described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed.

Margaret Beyer
Notary Public
State of North Dakota County of Burleigh
My Commission expires 9-21-99



PEARCE & DURICK

ATTORNEYS AT LAW

THIRD FLOOR

314 EAST THAYER AVENUE

P. O. BOX 400

BISMARCK, NORTH DAKOTA 58502

Professional Limited Liability Partnership

TELEPHONE (701) 223-2890

FAX (701) 223-7865

OF COUNSEL
HARRY J. PEARCE

WILLIAM R. PEARCE 1910-1978
WILLIAM P. PEARCE
PATRICK W. DURICK
B. TIMOTHY DURICK
JOEL W. GILBERTSON
GARY R. THUNE
DAVID E. REICH
JEROME C. KETTLESON
LARRY L. BOSCHEE
LAWRENCE BENDER
MICHAEL F. McMAHON
STEPHEN D. EASTON

July 25, 1995

HAND DELIVERED

Mr. Jack Wilborn
North Dakota Industrial Commission
Oil and Gas Division
600 E. Boulevard
Bismarck, ND 58505

**NDIC CASE NO. 6121
UMC PETROLEUM CORPORATION**

Dear Jack:

Please find enclosed herewith for filing in the above-captioned matter the following:

- 1 Exhibit 1 - Land plat of Ambrose Field;
- 2 Exhibit 2 - Production decline curve for Ness #41-23 well (Duperow Pool);
- 3 Exhibit 3 - Production decline curve for Ness #41-23 well (Red River Pool);
- 4 Exhibit 4 - Production curve for commingled Duperow and Red River production.

As you know, the Ness #41-23 well is one of two Red River wells producing in the Ambrose-Red River Pool. Daily production from the Ness #41-23 well for May 1995 was approximately 11 barrels of oil per day, 84 barrels of water per day and 17 MCF of gas produced daily. Cumulative production through May 1995 is 11,747 barrels of oil per day, 50,139 barrels of water per day and 7,246 MCF of gas produced daily. Oil is being sold to Koch Hydrocarbons, water is being trucked to the Belco #2 well for disposal and gas is also being sold to Koch Hydrocarbons.

UMC Petroleum Corporation has no intention of drilling any additional wells in the Ambrose-Red River Pool.

Mr. Jack Wilborn
July 25, 1995
Page 2

UMC Petroleum Corporation requests proper spacing for the Ambrose-Red River Pool of one well to 160 acres along with the usual field rules that are customary for 160-acre spacing.

Should you have any questions, please advise.

Sincerely,

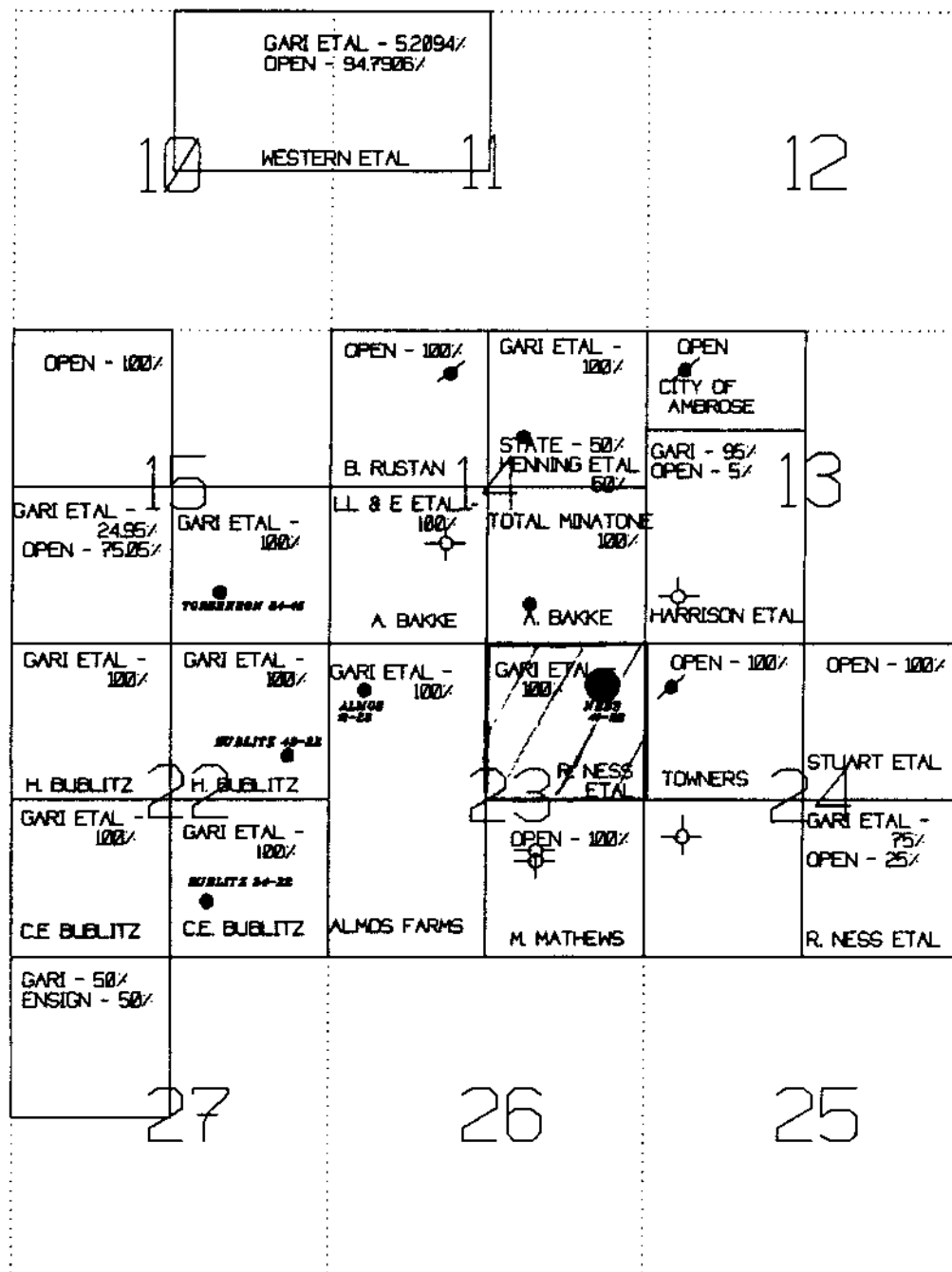


LAWRENCE BENDER

LB/leo

Enclosure

cc: Mr. Oscar L. Peters - (w/o enc.)



T 163 N &
R 99 W

GENERAL
ATLANTIC
RESOURCES, INC.

AMBROSE
FIELD

DIVIDE COUNTY,
NORTH DAKOTA

EXHIBIT

LEASE : NESS 41-23 (DUPEROW)
FIELD : AMBROSE
COUNTY: DIVIDE, STATE : NO
OPERATOR: UMC PETROLEUM CORP

07/11/95

UMC PETROLEUM

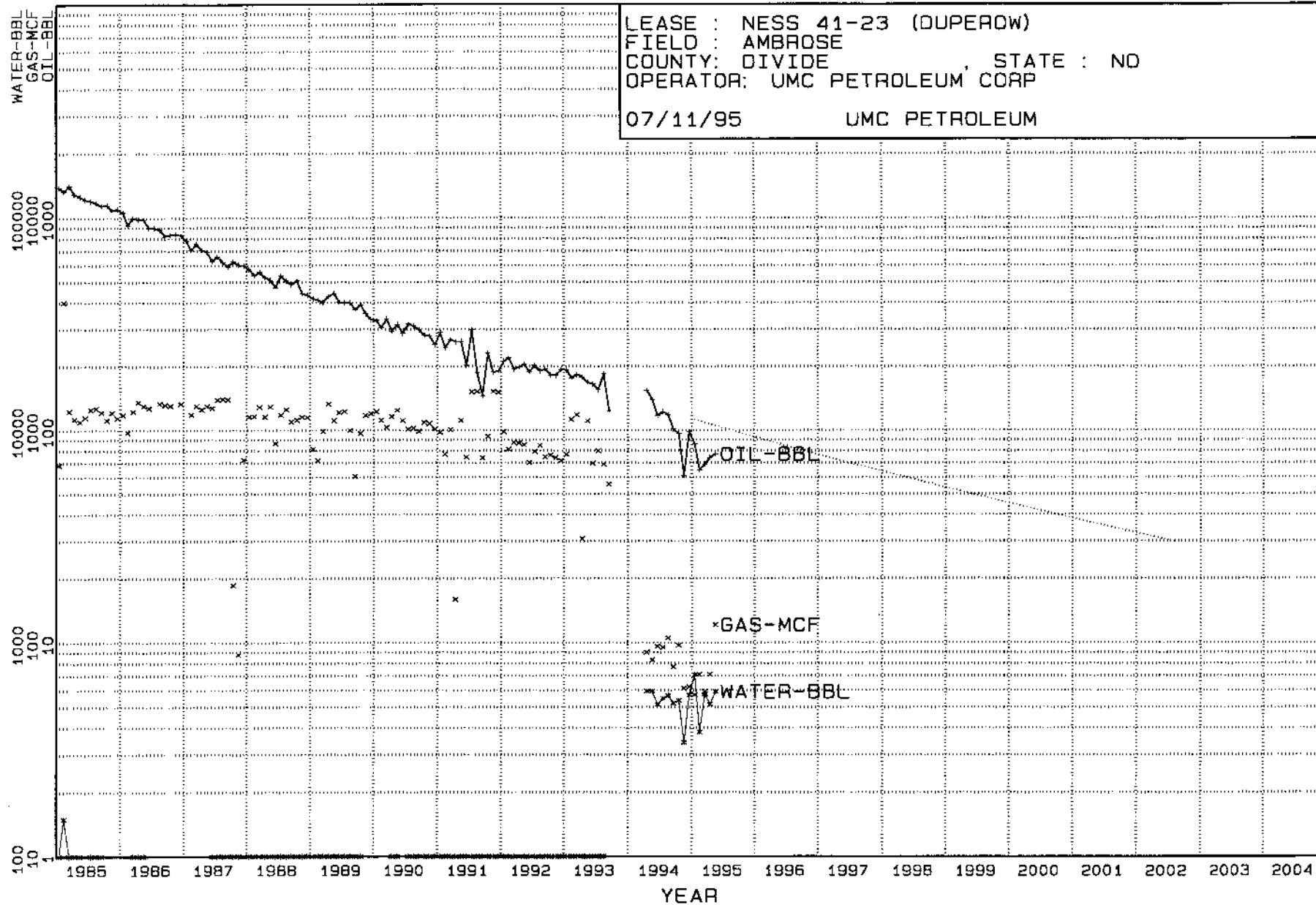
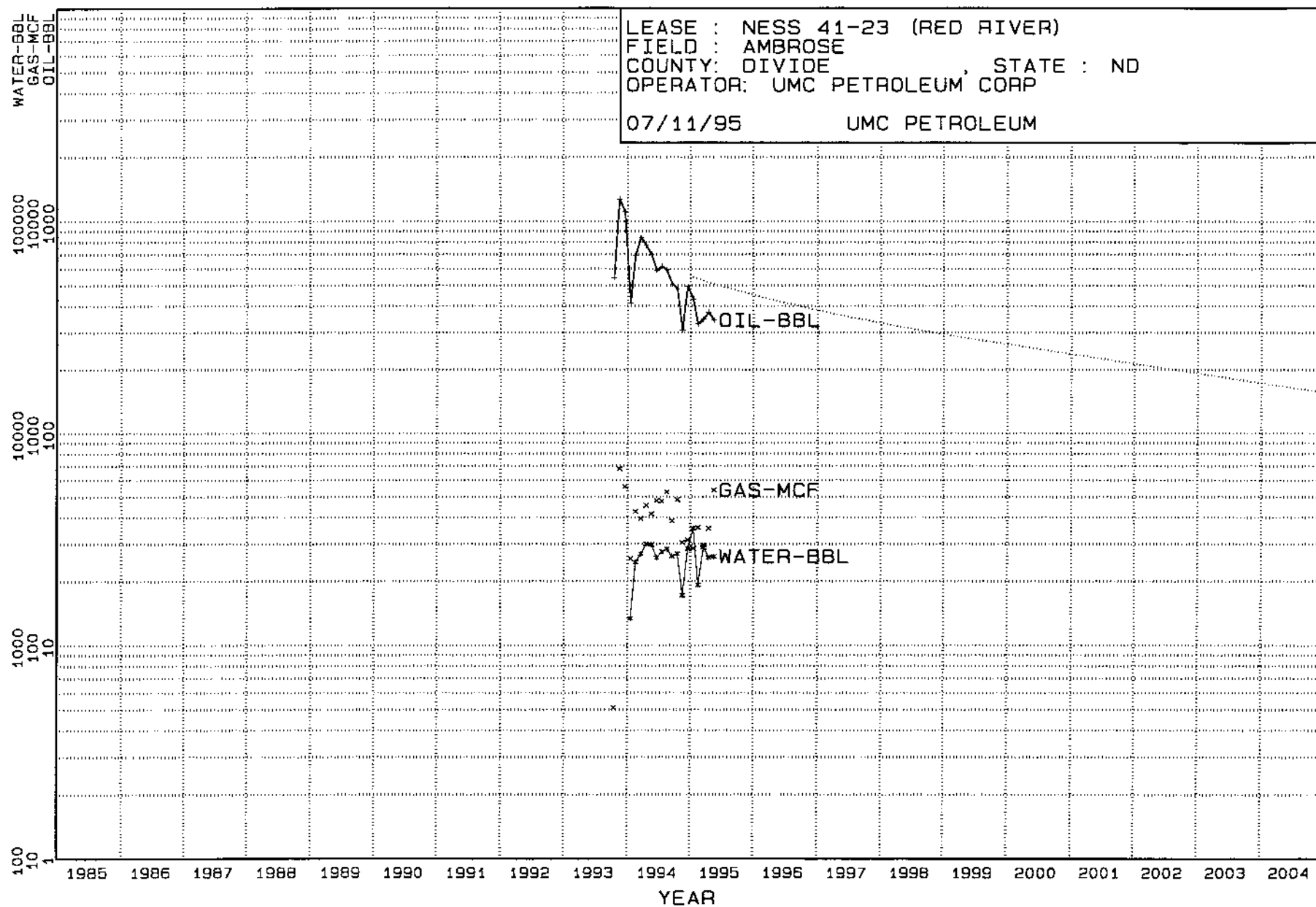
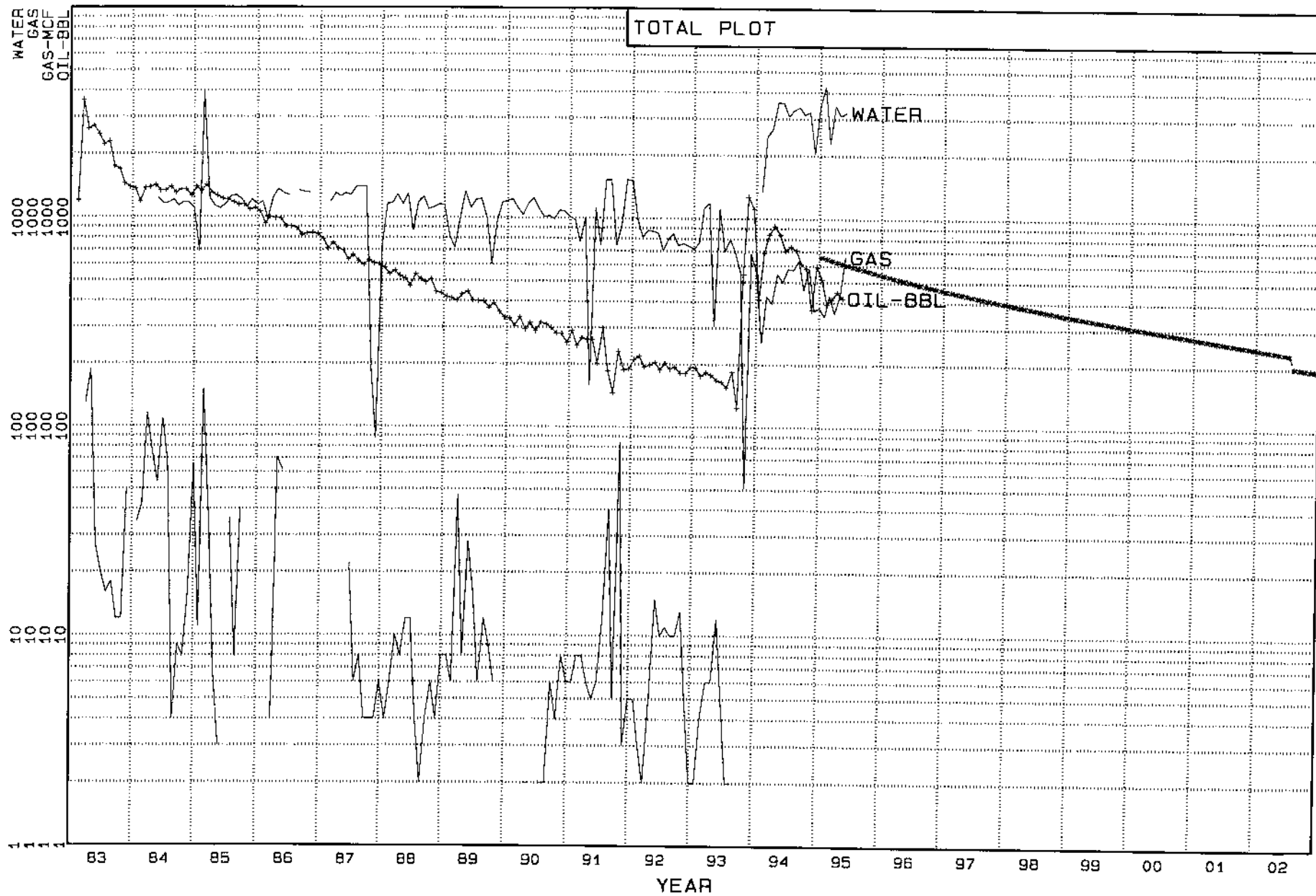


EXHIBIT 3





NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

Wesley D. Norton
DIRECTOR

F. E. Wilborn
ASSISTANT DIRECTOR

June 22, 1995

UMC Petroleum Corporation
410 17th Street, Suite 1400
Denver, CO 80202

Dear Sir:

The proper spacing for the development of the Ambrose-Red River Pool, Divide County, North Dakota, will be considered at the North Dakota Industrial Commission hearing on July 26, 1995.

As you have previously been informed, all exhibits to be used at the hearing are to be prefiled in our office approximately five (5) days prior to the date of hearing.

Thank you for your assistance in this matter.

Sincerely,

F.E. Wilborn /w

F.E. Wilborn
Deputy Enforcement Officer

FEW/th
enc.

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 July 26, 1995, Pioneer Room, State Capitol, 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.

ATTENTION PERSONS WITH DISABILITIES: If you plan to attend the hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Industrial Commission at 701-328-3722 by July 12, 1995.

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. 6121: ON A MOTION OF THE COMMISSION TO CONSIDER THE PROPER SPACING FOR THE DEVELOPMENT OF THE AMBROSE-RED RIVER POOL, DIVIDE COUNTY, NORTH DAKOTA, REDEFINE THE LIMITS OF THE FIELD, AND ENACT SUCH SPECIAL FIELD RULES AS MAY BE NECESSARY. UMC PETROLEUM CORPORATION.

Signed by,
Edward T. Schafer, Governor
Chairman,

Affidavit of Publication

State of North Dakota, County of Divide, ss:

I, Steven J. Andrist, being first duly sworn, on my oath, say that I am the publisher of The Journal, a weekly newspaper of general circulation and official newspaper of Divide County, State of North Dakota, published in the city of Crosby, ND, and that the advertisement headed

Notice of publication

a printed copy of which is here attached, was published in The Journal on the following dates:

PAID

_____	Lines @ _____	= \$ _____
_____	Lines @ _____	= \$ _____
_____	Lines @ _____	= \$ _____
June 28, 1995	7 Column Inches @ 4.20	= \$ 29.40
_____	Column Inches @ _____	= \$ _____
_____	Column Inches @ _____	= \$ _____
Notary/Affidavit Fee		\$ _____
Total Charge		\$ 29.40

Signed

Steven J. Andrist

Steven J. Andrist, Publisher

Subscribed and sworn to before me June 28, 1995

Donna Molander

Donna Molander

Notary Public, State of North Dakota

My Commission Expires December 14, 2000