

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 6513
ORDER NO. 7559

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF SAMEDAN OIL CORPORATION FOR AN ORDER PURSUANT TO SECTION 43-02-03-88.1 OF THE NORTH DAKOTA ADMINISTRATIVE CODE ALLOWING HYDROCARBONS PRODUCED FROM THE SADLER-MADISON AND SADLER-BAKKEN POOLS TO BE COMMINGLED IN THE WELL BORE OF THE NELSON #1-5 WELL, LOCATED IN THE SE/4 OF SECTION 5, T.161N., R.95W., DIVIDE COUNTY, NORTH DAKOTA, AND SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m. on the 1st day of August, 1996, in Bismarck, North Dakota, before an examiner appointed by the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 14th day of August, 1996, the Director, on behalf of the Commission and as authorized by the Commission, 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) Pursuant to North Dakota Administrative Code Section 43-02-03-88.1 the Director is authorized to sign on behalf of the Commission orders relating to, inter alia, commingling in one well bore the fluids from two or more pools under Section 43-02-03-42.

(3) Samedan Oil Corporation is desirous of commingling production from the Sadler-Madison and Bakken Pools in the well bore of its Nelson #1-5 well, located in the SE/4 of Section 5, Township 161 North, Range 95 West, Divide County, North Dakota.

(4) The Madison and Bakken Pools in the Nelson #1-5 well have identical spacing units.

(5) If this application is granted, additional oil will be recovered by said well.

(6) Production allocation would be based upon the differences in chemical composition of oil from each respective pool.

(7) The commingling of production from said pools in the Nelson #1-5 well will recover oil that might not otherwise be produced and will protect correlative rights.

(8) In order to prevent waste and protect correlative rights this case

should be granted with provisions.

IT IS THEREFORE ORDERED:

(1) Samedan Oil Corporation, its assigns and successors, is hereby permitted to commingle production in the well bore from the Sadler-Madison and Bakken Pools in its Nelson #1-5 well, located in the SE/4 of Section 5, Township 161 North, Range 95 West, Divide County, North Dakota.

(2) Approval in (1) above is contingent upon the following provisions:

- (a) The operator submit a Sundry Notice, Form 4, to the Oil and Gas Division prior to commingling, describing the proposed procedures for conversion to commingling.
- (b) The allocation of oil to respective pools shall be by a chemical fingerprint analysis method approved by the Director.
- (c) A chemical fingerprint analysis, of a representative sample of the commingled oil, be performed at regular intervals as approved by the Director.
- (d) A copy of the chemical fingerprint analysis be submitted to the Oil and Gas Division within thirty (30) days of the test date.
- (e) The results of all allocation tests required by the Director shall be reported to the Oil and Gas Division within thirty (30) days of the test date.

(3) Any authorization for commingling of production granted under the provisions of this order is contingent upon full compliance with the terms and conditions approved by the Director to insure proper allocation of production from the respective pools authorized to be commingled. Such authorization may be immediately revoked or rescinded by the Director upon a determination by the Director of noncompliance.

(4) This order shall remain in full force and effect until further order of the Commission.

Dated this 14th day of August, 1996.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission.

/s/ Wesley D. Norton, Director