

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 7217
ORDER NO. 8427

IN THE MATTER OF A HEARING
CALLED ON A MOTION OF THE
COMMISSION TO CONSIDER THE
APPLICATION OF LYCO OPERATING
COMPANY FOR AN ORDER AMENDING
THE FIELD RULES FOR THE
BURG-SILURIAN POOL SO AS TO
AUTHORIZE THE FLARING OF GAS
FROM THE PLUMER-LUNDQUIST #25-2
WELL, LOCATED IN THE NW/4 NE/4 OF
SECTION 25, T.161N., R.99W, DIVIDE
COUNTY, NORTH DAKOTA, WITHOUT
REGARD TO THE PRODUCTION
RESTRICTIONS PROVIDED BY
PARAGRAPH 12 OF COMMISSION ORDER
NO. 8351.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

(1) This cause came on for hearing at 9:00 a.m. on the 24th day of February, 1999.

(2) Lyco Operating Company (Lyco) is the operator of the Plumer-Lundquist #25-2 well located in the NW/4 NE/4 of Section 25, Township 161 North, Range 99 West, Divide County, North Dakota.

(3) The Plumer-Lundquist #25-2 well was completed in the Burg-Silurian Pool on June 15, 1998. Gas is produced in association with the oil.

(4) Order No. 8351 allows all wells in the Burg-Silurian Pool 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 is not to exceed an average of 200 barrels per day for a period of 60 days; after that, oil production from such wells is not to exceed an average of 150 barrels per day for a period of 60 days, thereafter, oil production from such wells is not to 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 are to be removed, and the wells allowed to produce at a maximum efficient rate.

(5) Lyco requested that the Plumer-Lundquist #25-2 well be allowed to produce oil at an unrestricted rate and flare any surplus gas produced therewith.

(7) One gas gatherer in the area has declined to submit a bid on connecting this well to a gas gathering facility due to the limited available volumes. A cost analysis using another gas gatherer in the area appears to demonstrate that this well economically cannot be connected to a gas gathering facility.

(8) Since the well economically cannot be connected to a gas gathering facility, no waste will occur if the gas is flared and the well is allowed to produce oil at an unrestricted rate.

(9) The value of the oil produced far exceeds the value of the gas flared if the well is allowed to produce at a maximum efficient rate.

(10) Lyco should be allowed to produce the Plumer-Lundquist #25-2 well at a maximum efficient rate and flare any surplus gas produced therewith.

(11) That in order to prevent waste and protect correlative rights, this application should be granted.

IT IS THEREFORE ORDERED:

(1) The Plumer-Lundquist #25-2 well, located in the NW/4 NE/4 of Section 25, Township 161 North, Range 99 West, Divide County, North Dakota is hereby allowed to produce at an unrestricted rate and to flare any gas produced therewith as an exception to the applicable orders for the Burg-Silurian Pool.

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

Dated this 17th day of March, 1999.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ Edward T. Schafer, Governor

/s/ Heidi Heitkamp, Attorney General

/s/ Roger Johnson, Commissioner of Agriculture