

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 9221
ORDER NO. 10833

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF STONE ENERGY CORP. FOR AN ORDER AUTHORIZING THE RECOMPLETION OF THE #25-2 PLUMER-LUNDQUIST WELL INTO THE STONEWALL FORMATION AT A LOCATION APPROXIMATELY 120 FEET FROM THE NORTH LINE AND 1680 FEET FROM THE EAST LINE OF SECTION 25, T.161N., R.99W., DIVIDE COUNTY, ND, AS AN EXCEPTION TO THE PROVISIONS OF NDAC § 43-02-03-18 AND SUCH OTHER RELIEF AS IS APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause came on for hearing at 9:00 a.m. on the 15th day of November, 2006.
- (2) The witnesses for Stone Energy Corporation (Stone) provided telephonic testimony in this matter, pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.2. Telephonic Communication Affidavits were received on November 17, 2006, therefore, such testimony may be considered evidence.
- (3) Stone is the owner of an oil and gas leasehold estate in the NE/4 of Section 25, Township 161 North, Range 99 West, Divide County, North Dakota (Section 25).
- (4) Said tract of land in (3) above is within the boundary of the Burg Field, although the Stonewall Pool is unspaced, and NDAC Section 43-02-03-18 requires vertical oil wells projected to a depth deeper than the Mission Canyon Formation to be located not less than 660 feet to the boundary of a governmental quarter section or equivalent lots.
- (5) Stone is the operator of the Plumer-Lundquist #25-2 well, located approximately 120 feet from the north line and 1680 feet from the east line of Section 25. The well is currently completed in the Burg-Gunton Pool, although Stone is desirous of recompleting said well in the Stonewall Pool.

(6) The drilling of a new well at a proper location would result in a dry hole, or a noncommercial well and would be an unnecessary well. This proposed recompletion into the Burg-Stonewall Pool will recover oil that might not otherwise be produced.

(7) There were no objections to this application.

(8) In order to prevent waste, avoid the drilling of unnecessary wells, and to protect correlative rights this application should be granted.

IT IS THEREFORE ORDERED:

(1) Stone Energy Corporation, its assigns and successors, is hereby permitted to recomplete its Plumer-Lundquist #25-2 well, located approximately 120 feet from the north line and 1680 feet from the east line of Section 25, Township 161 North, Range 99 West, Divide County, North Dakota as an exception to the spacing requirements set forth under NDAC Section 43-02-03-18.

(2) The well permitted in (1) above shall not produce more than its fair and equitable share of oil and/or gas in any reservoir.

(3) For purposes of this order, the Stonewall Pool is hereby defined as that accumulation of oil and gas found in the interval from below the top of the Middle Member of the Interlake Formation to above the top of the Stony Mountain Formation.

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

Dated this 14th day of December, 2006.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director