OF THE STATE OF NORTH DAKOTA

CASE NO. 1266 (CONTINUED) ORDER NO. 1382

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF BAUER AND LAND FOR AN ORDER SUSPENDING A PERMIT TO DRILL ISSUED TO CONTINENTAL OIL COMPANY FOR A WELL LOCATED IN THE NW NW OF SECTION 33, TOWNSHIP 140 NORTH, RANGE 97 WEST, STARK COUNTY, NORTH DAKOTA, AND TO REVIEW AND CONSIDER AMENDING THE SPACING REQUIREMENTS FOR THE SOUTH HEART AND DICKINSON FIELDS, STARK COUNTY, NORTH DAKOTA.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:30 a.m. on the 14th day of October, 1975, in Bismarck, North Dakota, before the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 13th day of November, 1975, 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 on the 14th of July, 1975, the North Dakota Geological Survey issued Permit No. 5678 to Continental Oil Company for a well to be drilled 500 feet from the north line and 500 feet from the west line of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota, and that said location is within the outline of the Dickinson Heath Sand Unit, as defined by Commission Order No. 1186.
- (3) That Commission Order No. 1202 dated March 13, 1973, authorized the drilling of wells at any location within the Dickinson Heath Sand Unit area and further provided that no well be located closer than 500 feet from the unit boundary.
- (4) That Commission Order No. 1264 dated January 29, 1974, established the South Heart-Heath Pool, and set spacing at one well to each 320 acres with wells to be located not less than 660 feet from a spacing unit boundary nor closer than 1860 feet to a well producing from or drilling to the pool.

- (5) That the South Heart Field has boundaries in common with the Dickinson Heath Sand Unit those being the west line of Section 27, the north line and the west line of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota.
- (6) That information obtained from wells drilled in the South Heart Field whose locations are the center of the E/2 of the SE/4 of Section 29, the SE SE of Section 28, the SE SW of Section 28, and the NE NE of Section 32, all in Township 140 North, Range 97 West, Stark County, North Dakota, indicates that said wells produce oil from the same common source of supply as wells in the Dickinson Heath Sand Unit.
- (7) That the Dickinson Heath Sand Unit might be expanded to include wells in the South Heart Field but by using the existing Dickinson Unit unitization formula the owners of interests in said wells might not receive their equitable share of Unit participation.
- (8) That said wells in the South Heart Field have produced for a year or less and that prior to their completion, oil was drained from that portion of the Heath Sand Reservoir by production operations in the Dickinson Heath Sand Unit.
- (9) That in the hearings to establish spacing in the two fields, expert witnesses gave testimony and evidence that one well would drain in excess of 320 acres, and that 320-acre spacing would provide for the efficient drainage and maximum ultimate recovery of oil and gas from the Heath Pool.
- (10) That there are presently two producing wells in the Dickinson Heath Sand Unit on a 320-acre tract described as the N/2 of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota, and that Unit Operator has a valid permit to drill a third well on said 320-acre tract located in the NW NE of said Section 33.
- (11) That a well located 500 feet from the west line and 500 fcct from the north line of Section 33, Township 140 North, Range 97 West, together with those mentioned in (10) above, would recover more than their fair and equitable share of the oil in the Heath Sand Reservoir common source of supply.
- (12) That the South Heart-Heath Pool should be unitized and secondary recovery operations including injection wells along the common boundary with the Dickinson Heath Sand Unit should be initiated at the earliest possible date.

IT IS THEREFORE ORDERED:

- (1) That Permit No. 5678 issued to Continental Oil Company for a well located in the NW NW of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota, be and same is hereby revoked.
- (2) That Paragraph (2), Section C, of Commission Order No. 1202 be amended in the following respect:
 - (b) In order to assure the optimum location of producing wells and injection wells for the most efficient operation of the project, the Unit Operator shall be allowed to drill wells at any location within the Dickinson Heath Sand Unit area as the same is now or may hereafter be defined provided no well is located closer than 660 feet from the Dickinson Heath Sand Unit Boundary.

- (3) That Bauer & Land and Inecxo Oil Company report to the Commission at the June, 1976, hearing on the progress of unitization of the South Heart Field.
- (4) That this order shall remain in full force and effect until further order of the Commission.

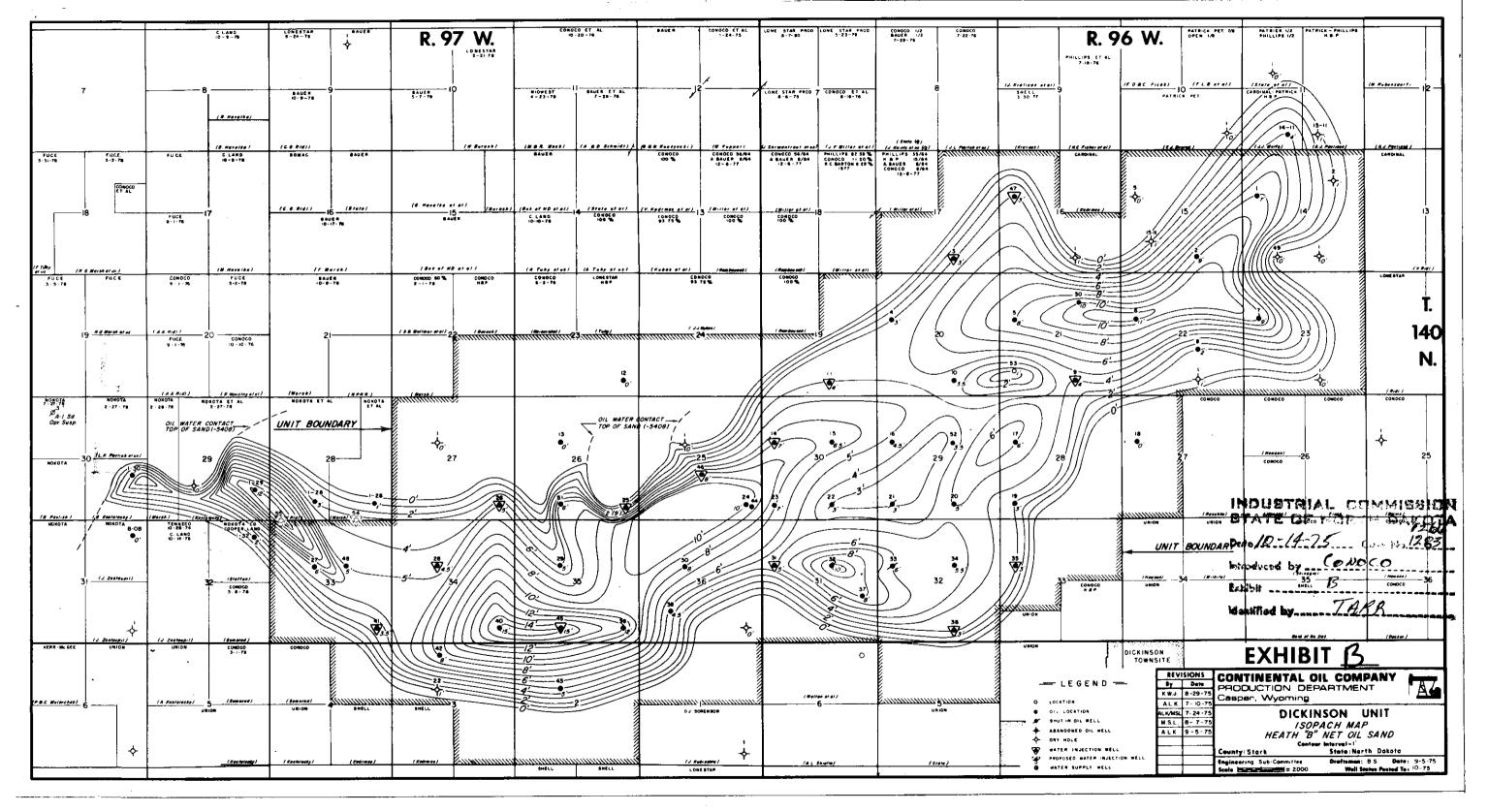
DONE, at Bismarck, North Dakota, this 13th day of November, 1975.

THE NORTH DAKOTA
INDUSTRIAL COMMISSION

/s/ Arthur A. Link Arthur A. Link, Governor

/s/ Allen I. Olson Allen I. Olson, Attorney General

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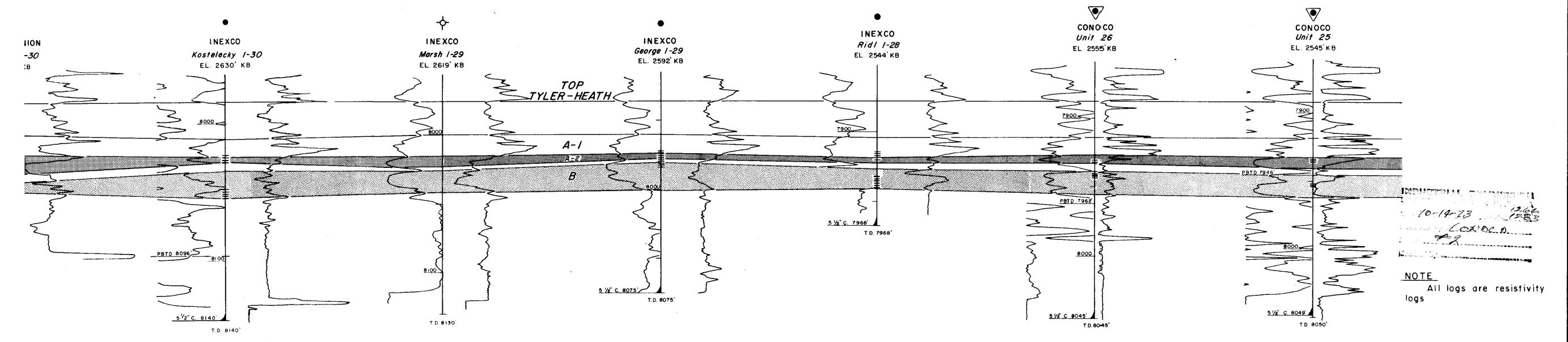
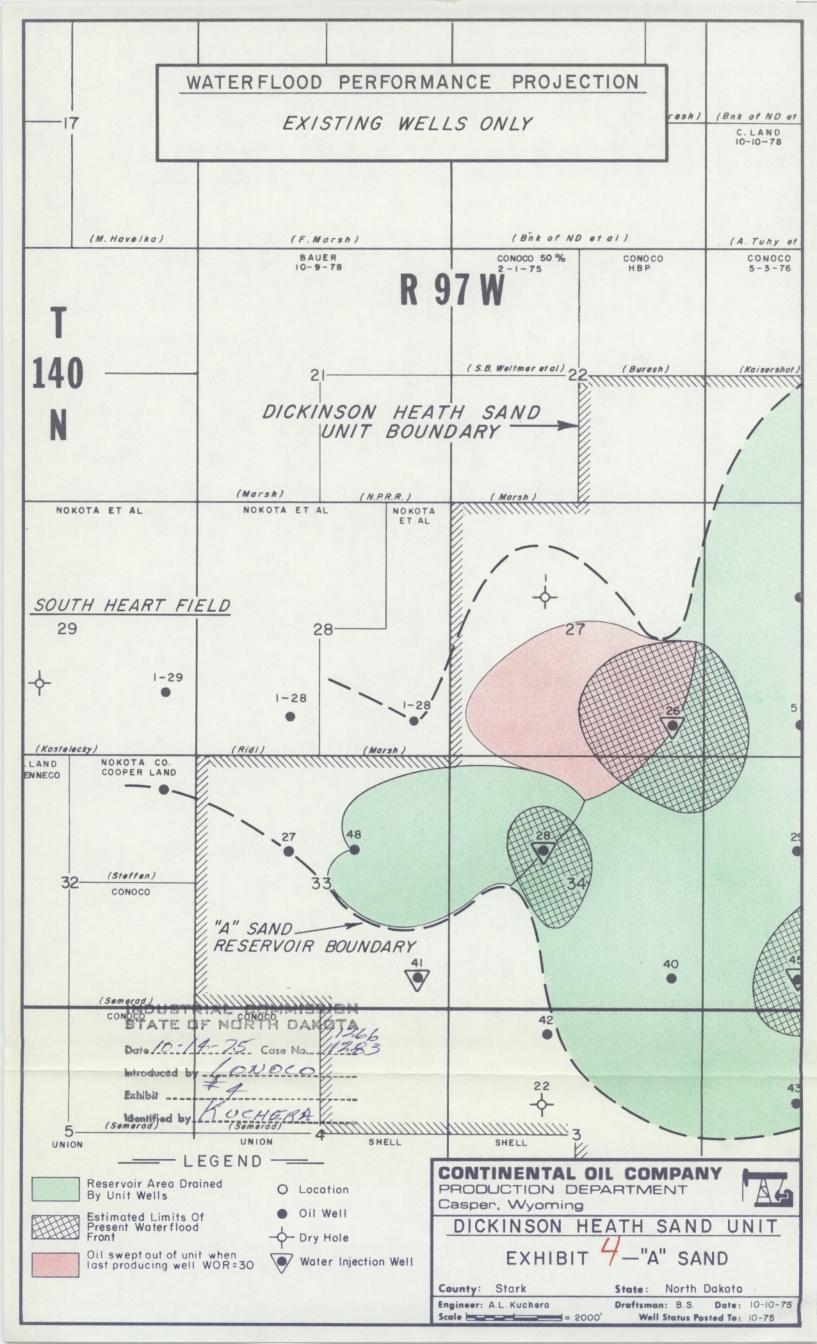
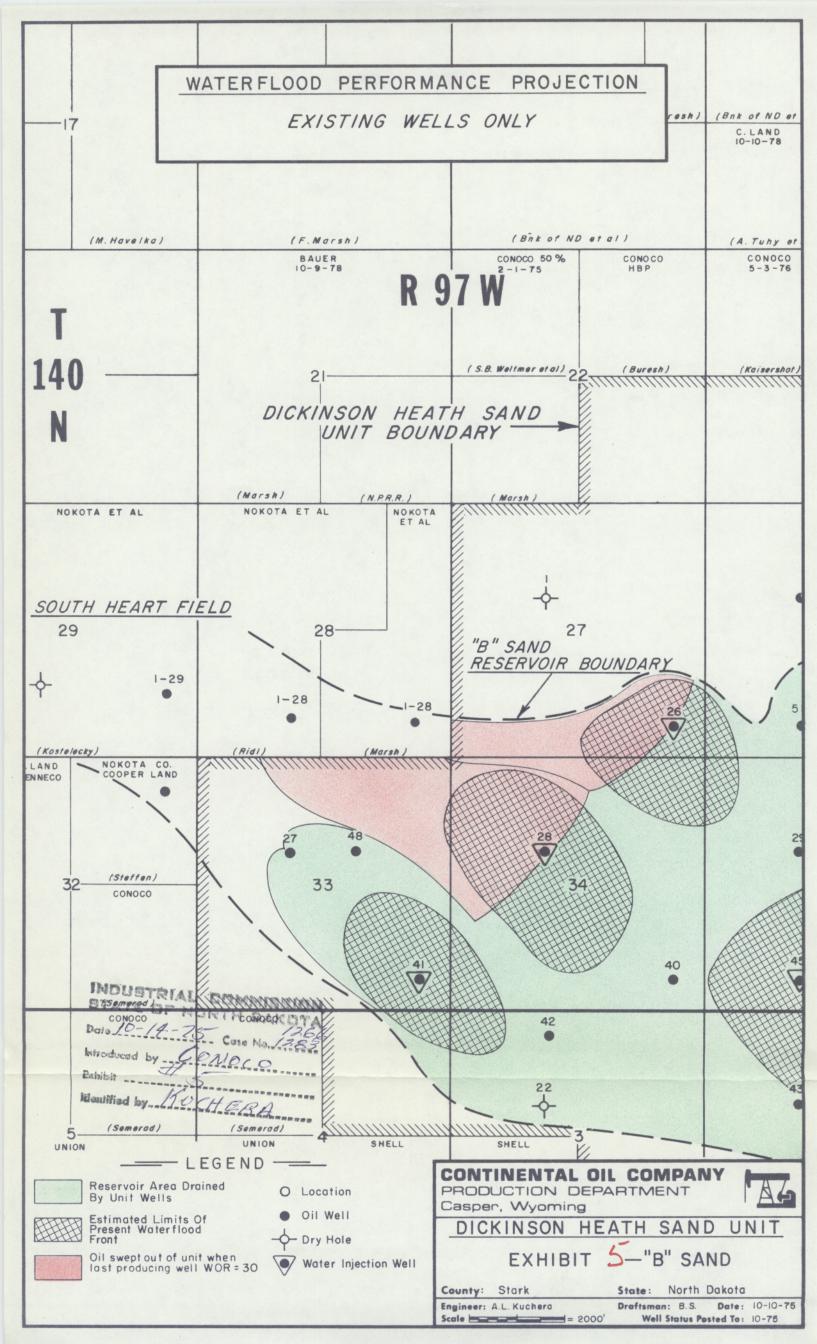
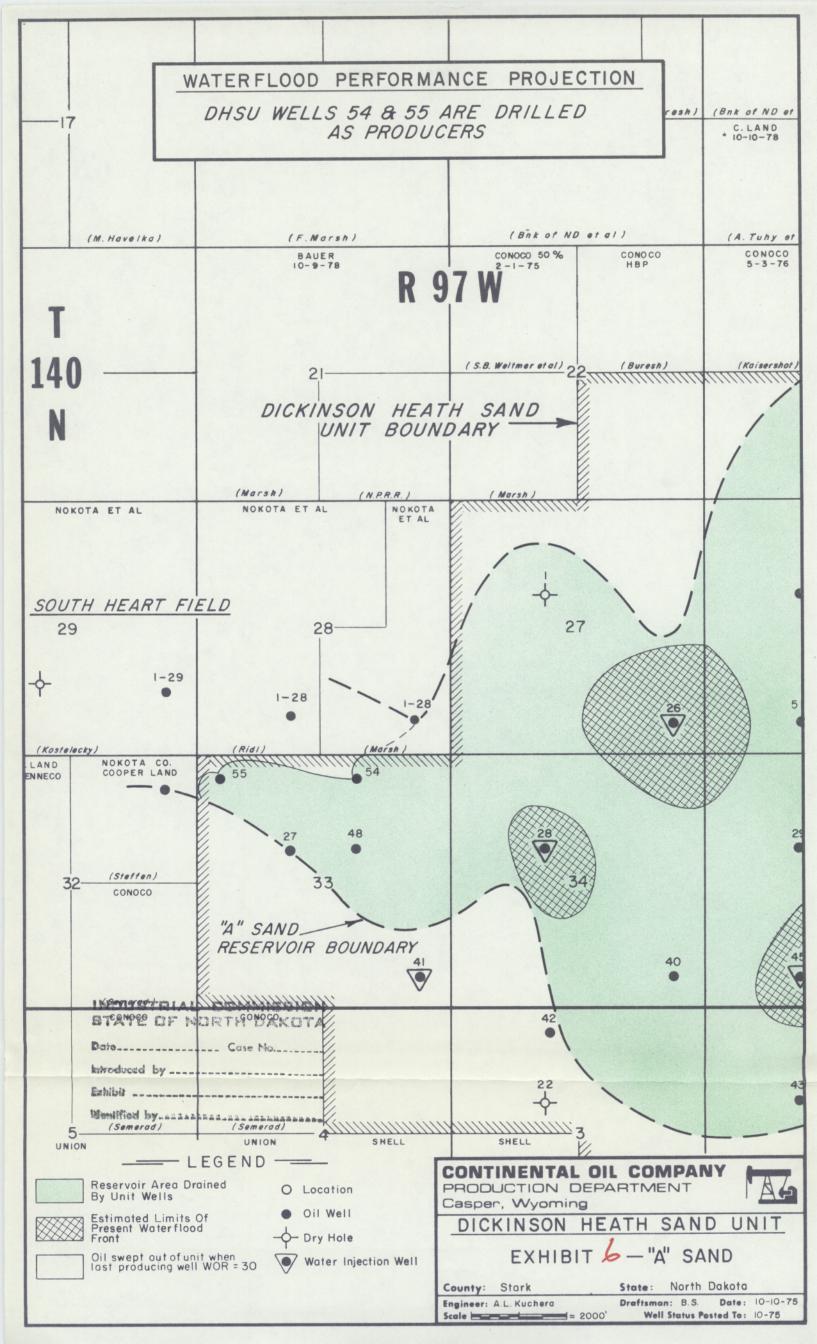


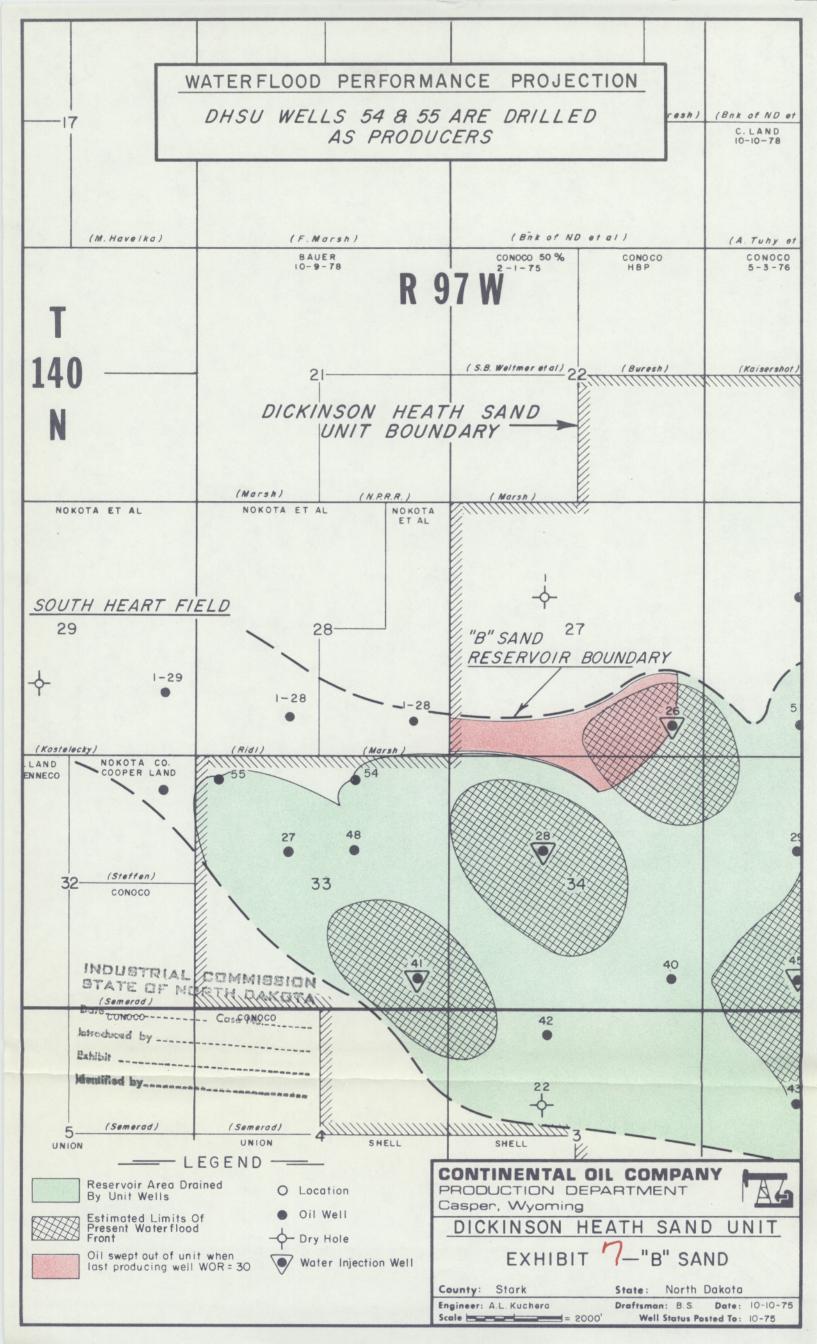
EXHIBIT 3

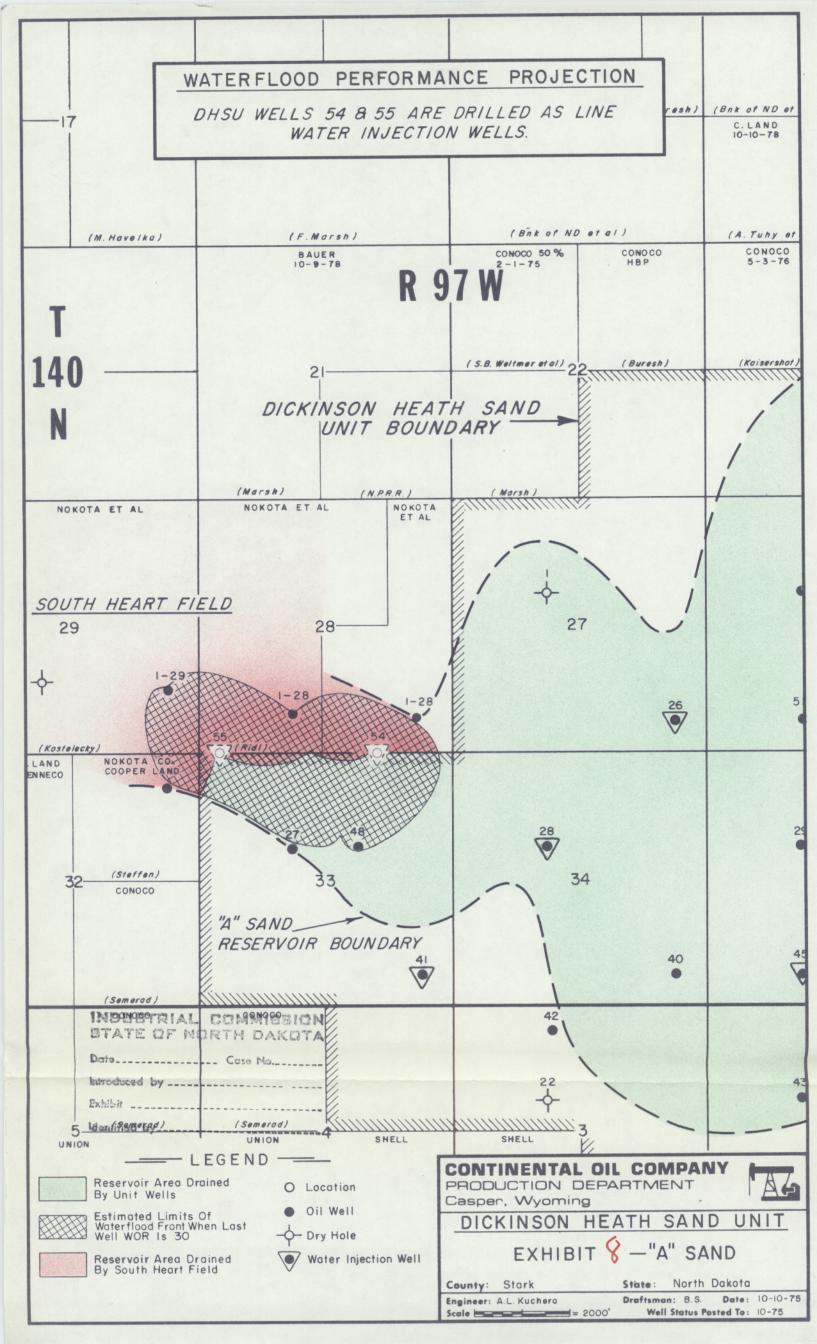
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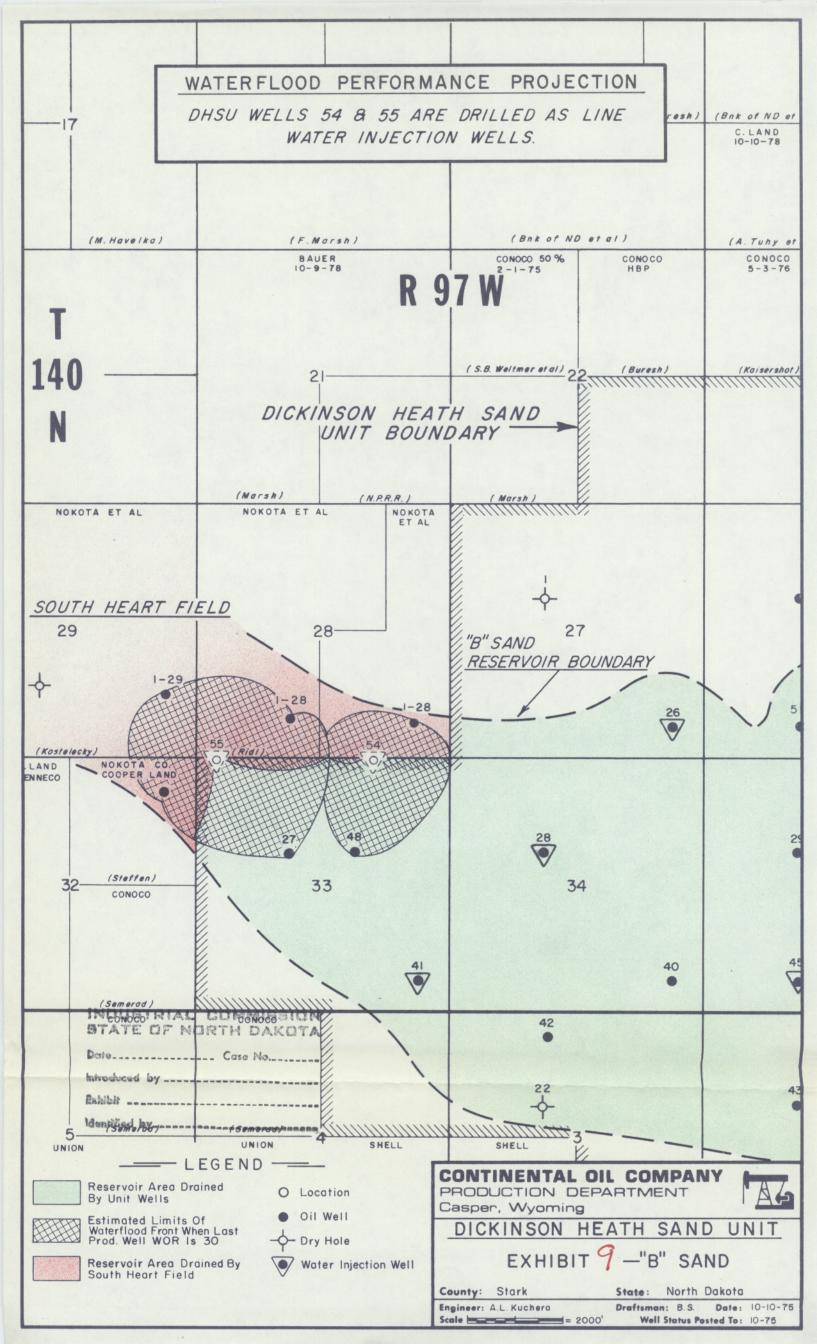


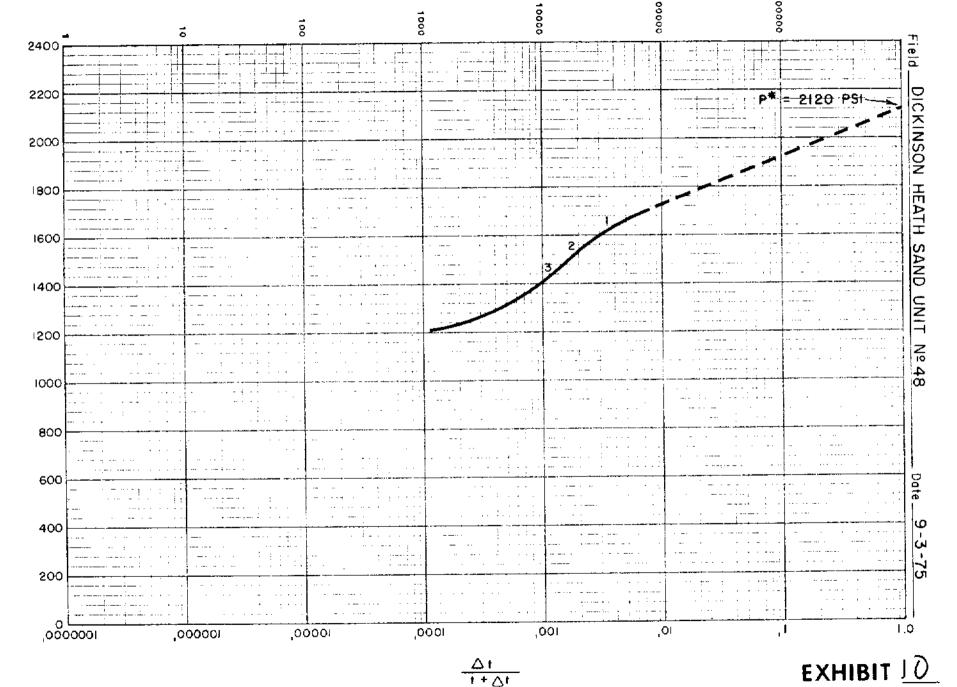








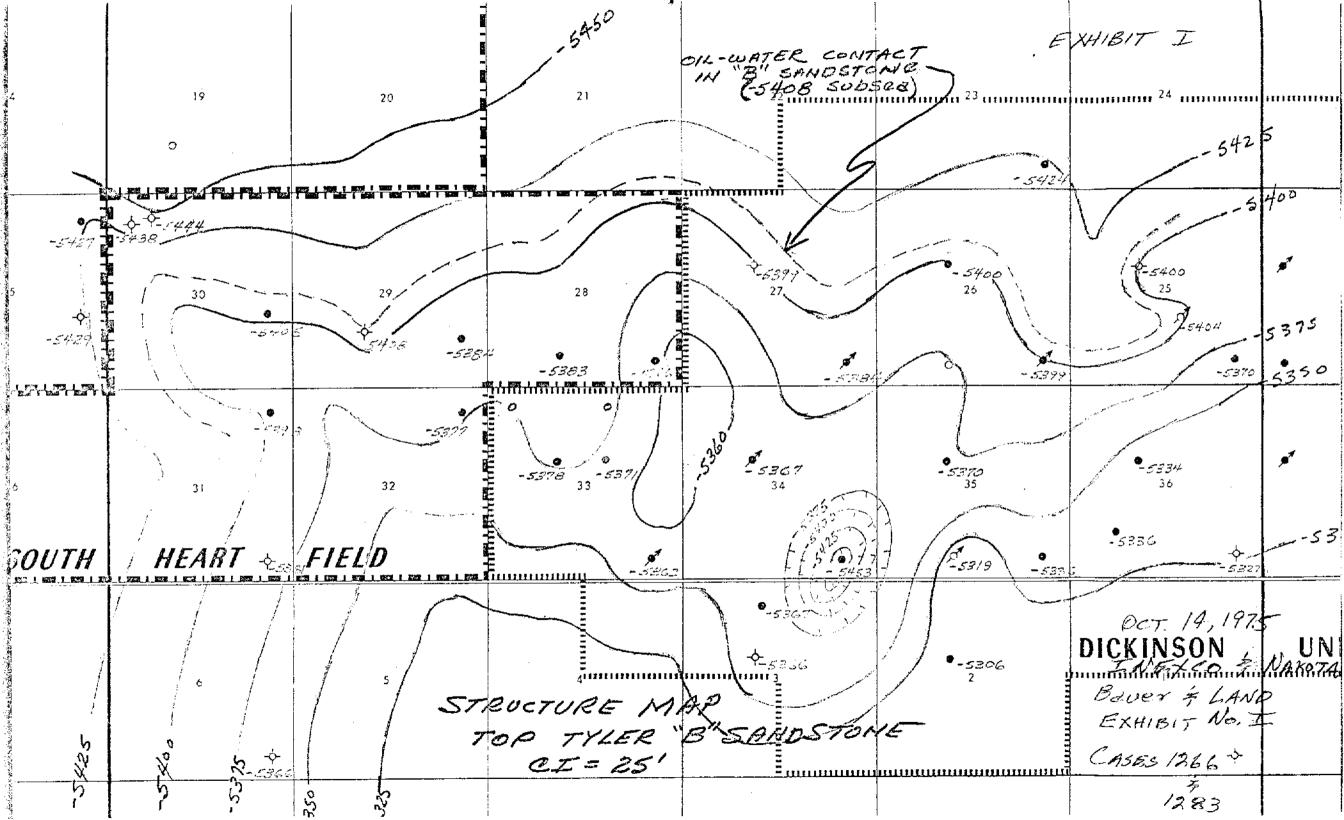


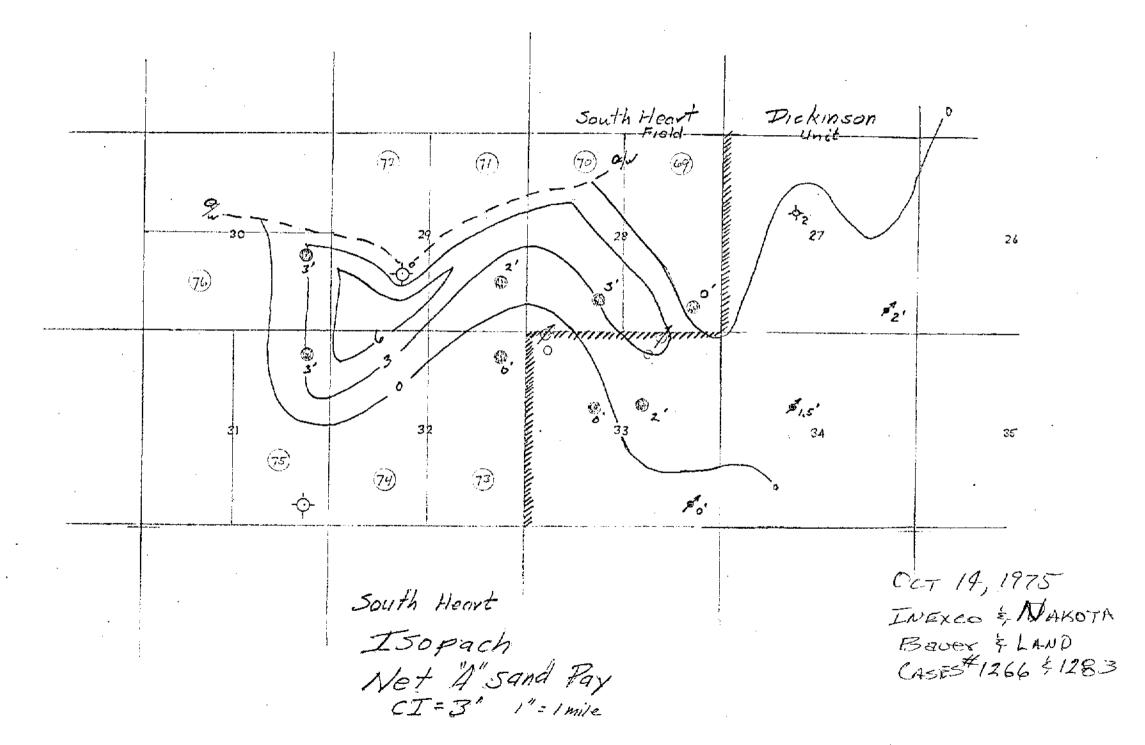


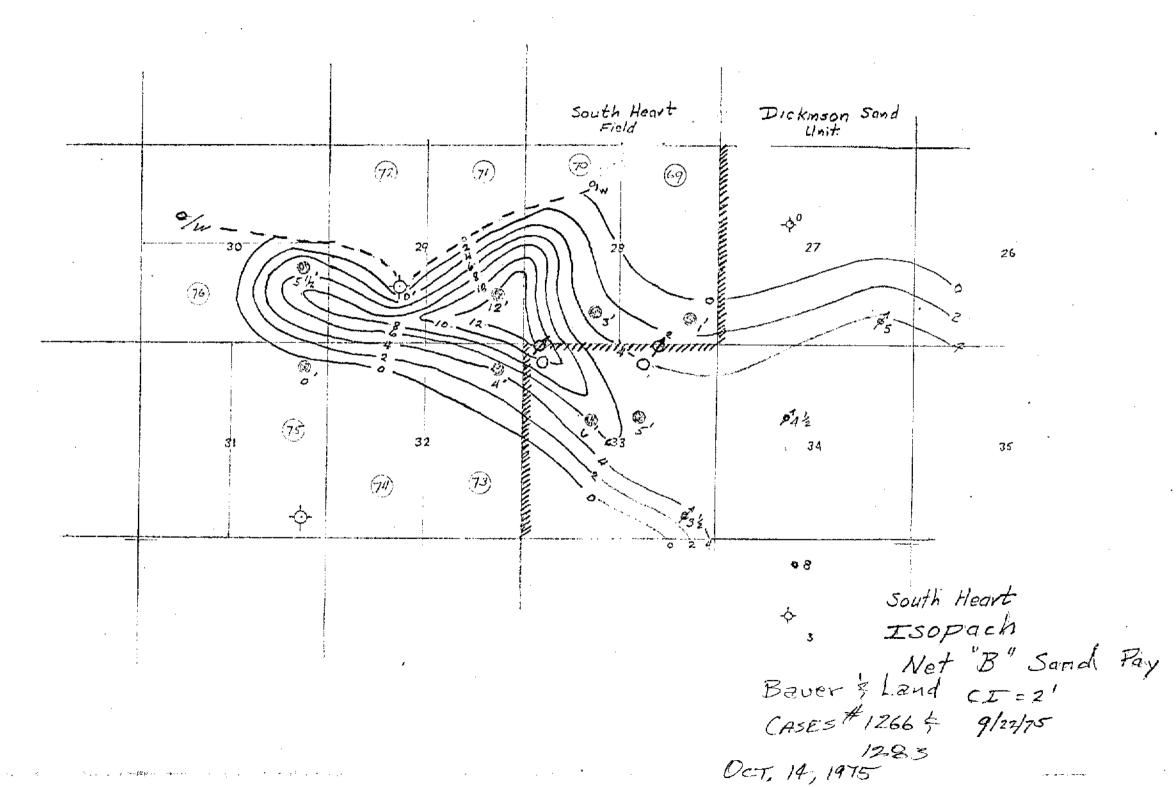
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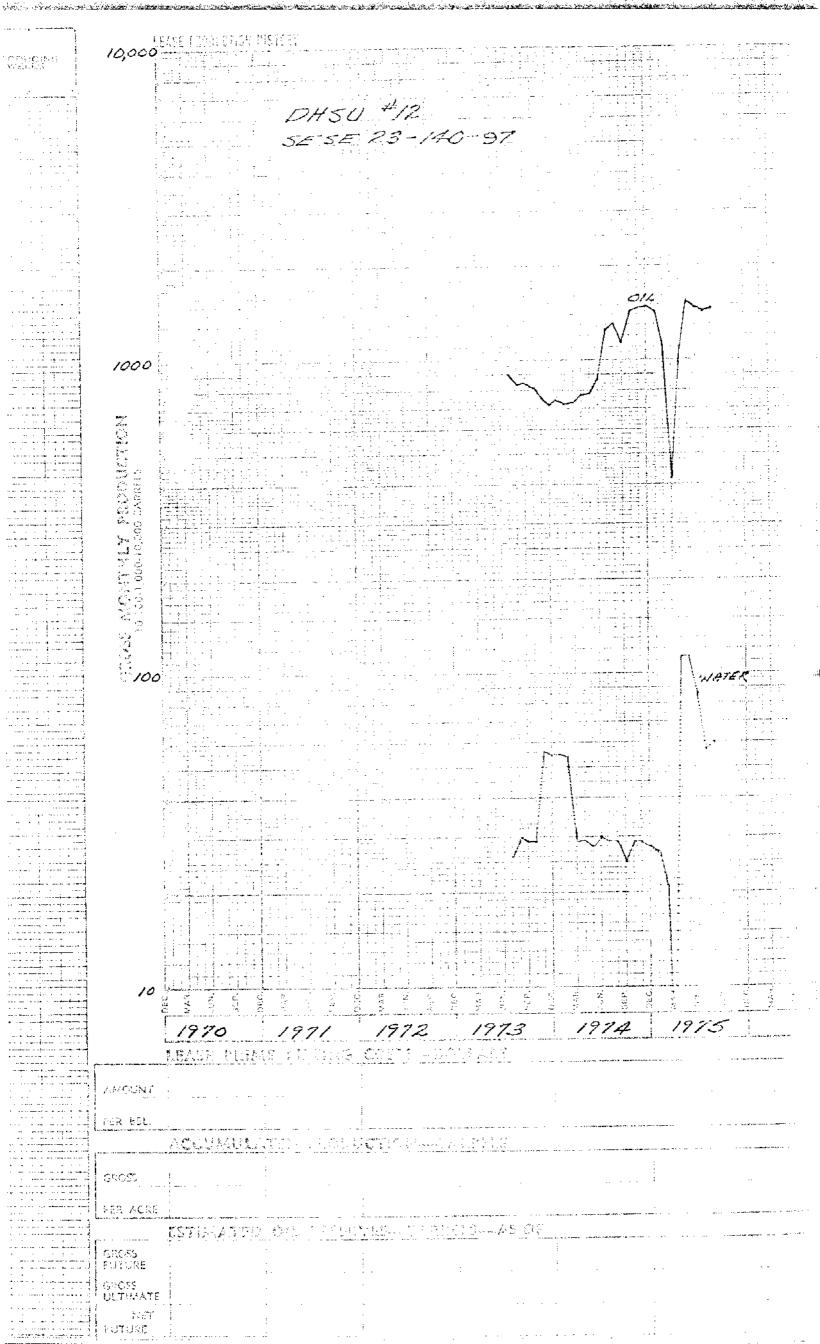




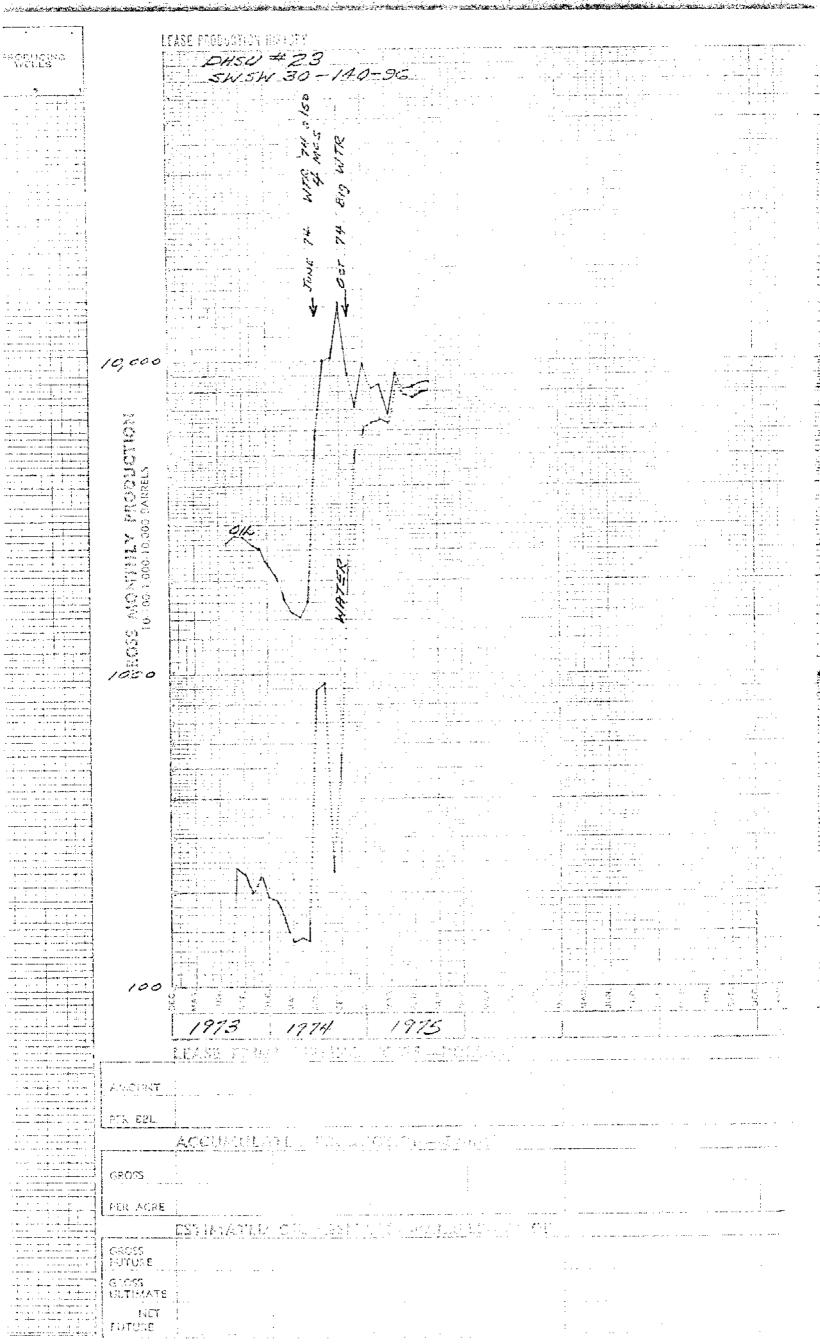
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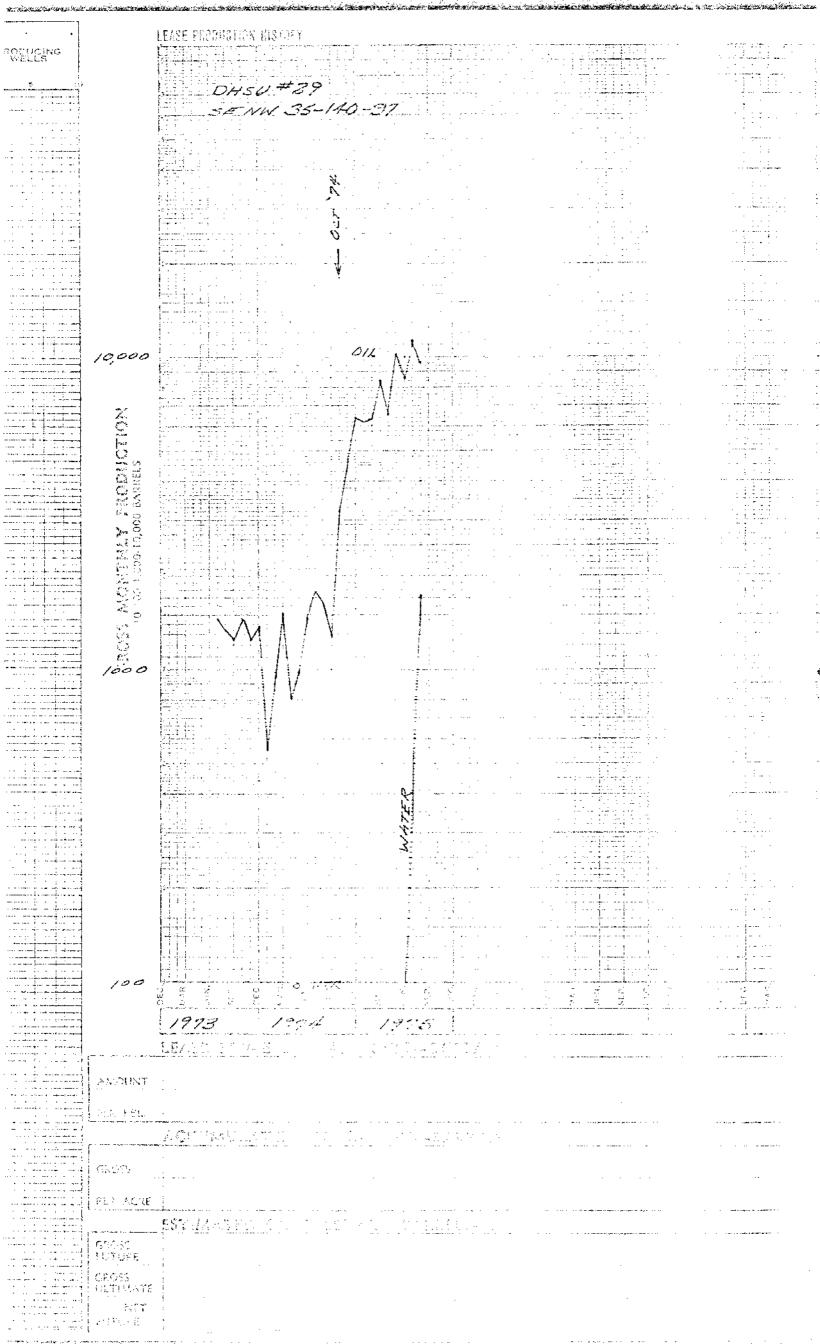
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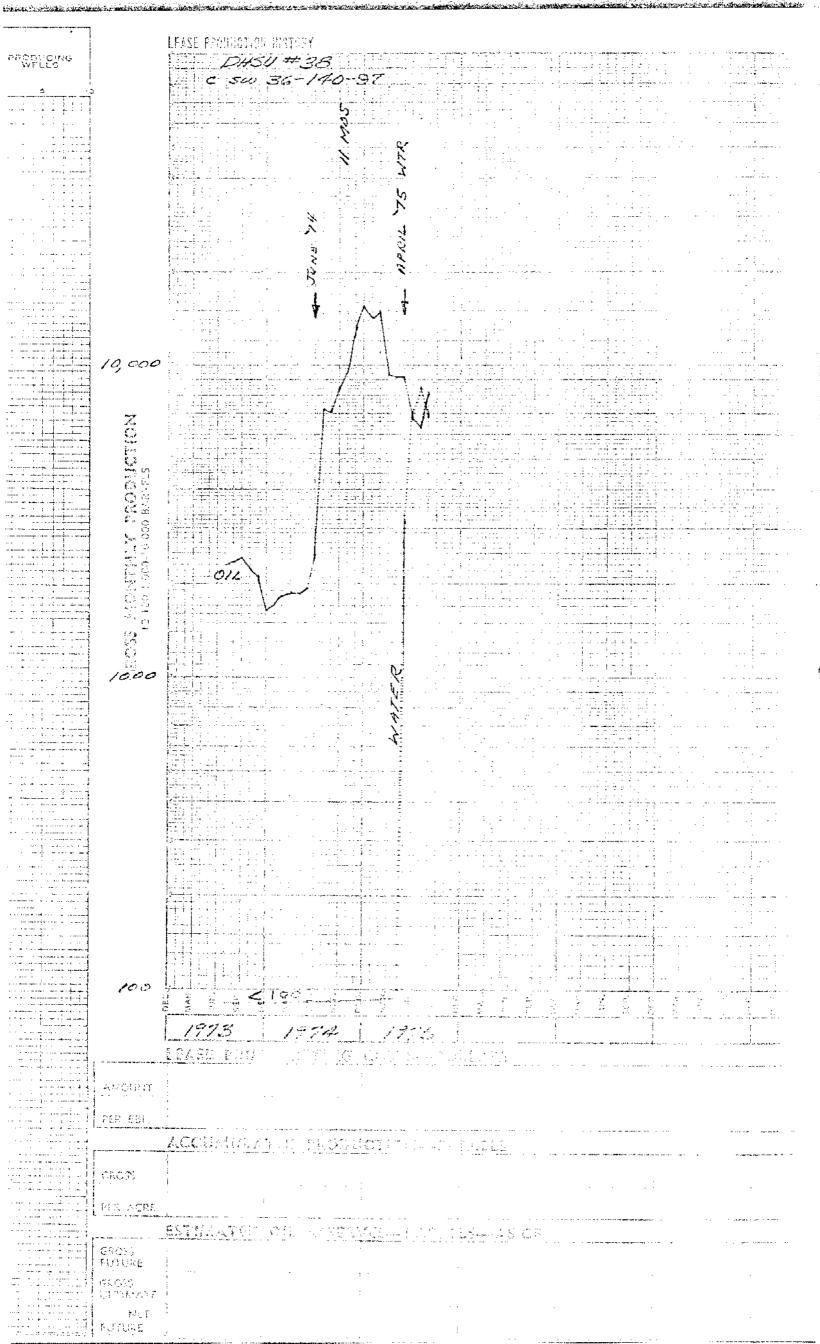


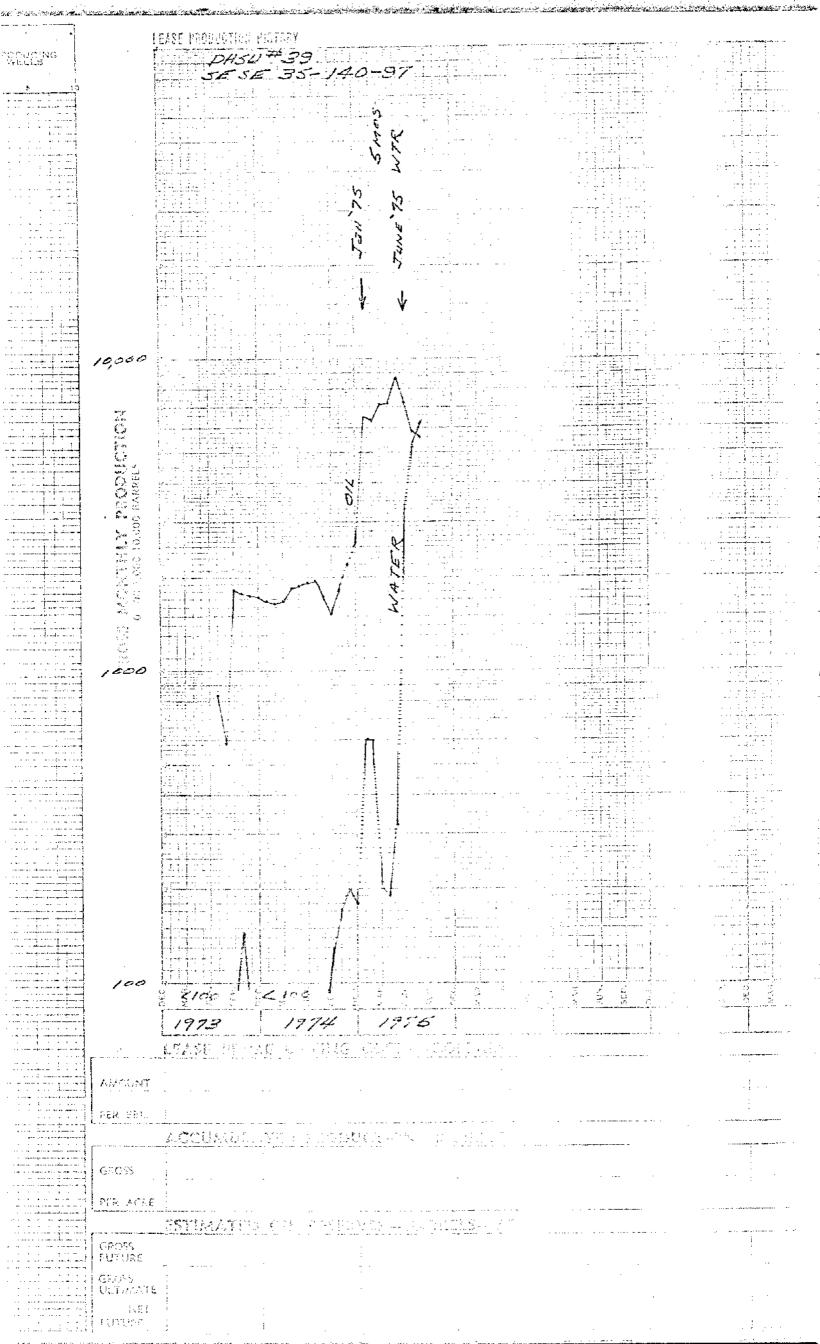
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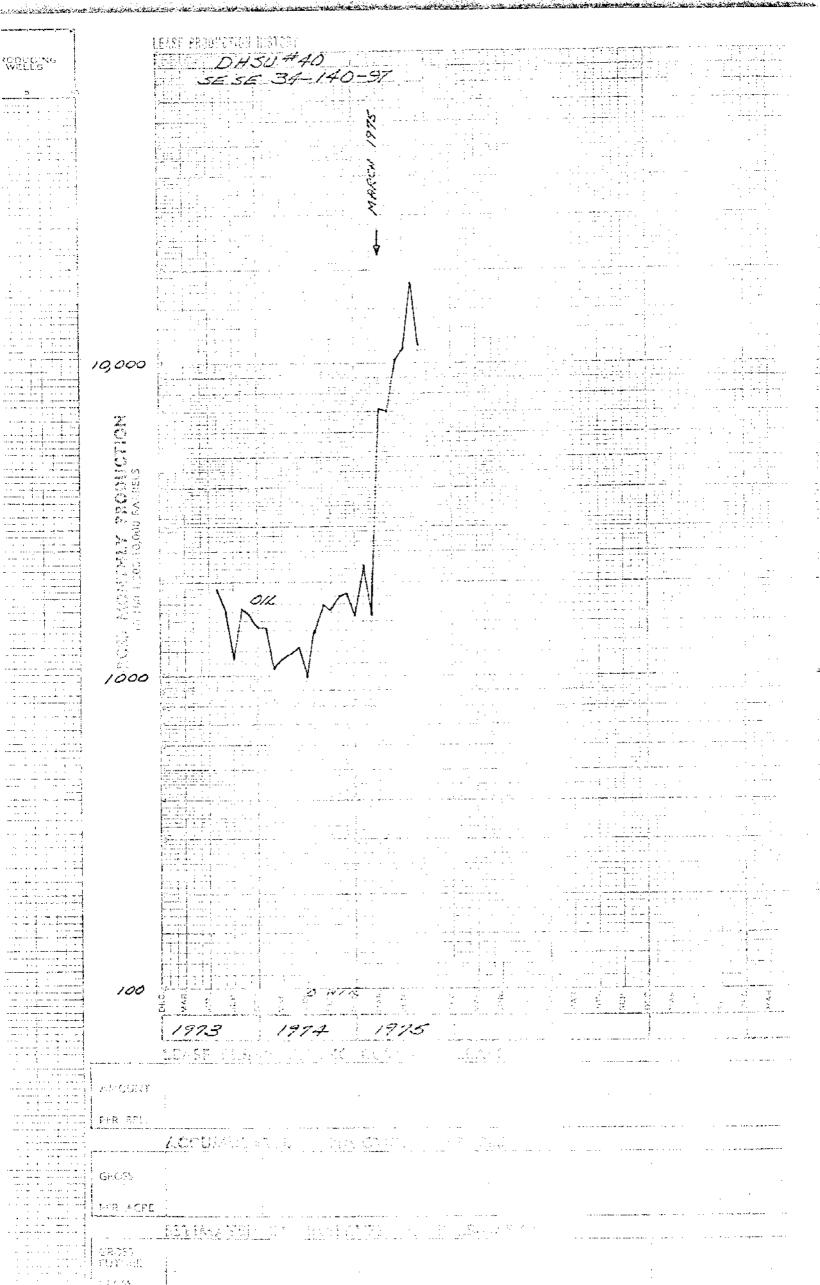


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OF THE STATE OF NORTH DAKOTA

CASE NO. 1266 (CONTINUED)
ORDER NO. 1381

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF BAUER AND LAND FOR AN ORDER SUSPENDING A PERMIT TO DRILL ISSUED TO CONTINENTAL OIL COMPANY FOR A WELL LOCATED IN THE NW NW OF SECTION 33, TOWNSHIP 140 NORTH, RANGE 97 WEST, STARK COUNTY, NORTH DAKOTA, AND TO REVIEW AND CONSIDER AMENDING THE SPACING REQUIREMENTS FOR THE SOUTH HEART AND DICKINSON FIELDS, STARK COUNTY, NORTH DAKOTA.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:30 a.m. on the 9th day of September, 1975, in Bismarck, North Dakota, before the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 15th day of October, 1975, 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 the applicant requested this case be continued to the October 14, 1975, hearing.

IT IS THEREFORE ORDERED:

- (1) That this case bc, and is hereby continued to the October 14, 1975, hearing.
- (2) That this order shall remain in full force and effect until further order of the Commission.

DONE, in Bismarck, North Dakola, this 15th day of October, 1975.

THE NORTH DAKOTA INDUSTRIAL COMMISSION

Arthur A. Link, Governor

/s/ Allen I. Olson Allen I. Olson, Attorney General

OF THE STATE OF NORTH DAKOTA

CASE NO. 1266 ORDER NO. 1366

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF BAUER AND LAND FOR AN ORDER SUSPENDING A PERMIT TO DRILL ISSUED TO CONTINENTAL OIL COMPANY FOR A WELL LOCATED IN THE NW NW OF SECTION 33, TOWNSHIP 140 NORTH, RANGE 97 WEST, STARK COUNTY, NORTH DAKOTA, AND TO REVIEW AND CONSIDER AMENDING THE SPACING REQUIREMENTS FOR THE SOUTH HEART AND DICKINSON FIELDS, STARK COUNTY, NORTH DAKOTA.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause having been continued from the 31st of July, 1975, came on for hearing at 9:30 a.m. on the 12th day of August, 1975, at Bismarck, North Dakota, before the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 9th day of September, 1975, the Commission, a quorum being present, having considered the testimony adduced at said hearing, and being fully advised in the premises,

FINDS:

- (1) That the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant requested that this case be continued until September 9, 1975, and attorney for the Continental Oil Company concurred.

IT IS THEREFORE ORDERED:

 $\left(1\right)$ That this case be, and is hereby continued to the 9th day of September, 1975.

DONE, at Bismarck, North Dakota, this 9th day of September, 1975.

THE NORTH DAKOTA INDUSTRIAL COMMISSION

Arthur A. Link, Governor

/s/ Allen I. Olson Allen I. Olson, Attorney General

OF THE STATE OF NORTH DAKOTA

CASE NO. 1266 ORDER NO. 1365

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF BAUER AND LAND FOR AN ORDER SUSPENDING A PERMIT TO DRILL ISSUED TO CONTINENTAL OIL COMPANY FOR A WELL LOCATED IN THE NW NW OF SECTION 33, TOWNSHIP 140 NORTH, RANGE 97 WEST, STARK COUNTY, NORTH DAKOTA, AND TO REVIEW AND CONSIDER AMENDING THE SPACING REQUIREMENTS FOR THE SOUTH HEART AND DICKINSON FIELDS, STARK COUNTY, NORTH DAKOTA.

EMERGENCY ORDER OF THE COMMISSION

BY THE COMMISSION:

An application having been presented to the Industrial Commission of North Dakota, hereinafter referred to as the "Commission," for an emergency order under Rule No. 3 of the General Rules and Regulations.

NOW, on this 18th day of July, 1975, the Commission, a quorum being present, having considered the testimony adduced and being fully advised in the premises,

FINDS:

- (1) That the Commission has jurisdiction of this application and the subject matter thereof.
- (2) That on the 14th of July, 1975, the North Dakota Geological Survey issued Permit No. 5678 to Continental Oil Company for a well to be drilled 500 feet from the north line and 500 feet from the west line of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota, and that said location is within the outline of the Dickinson Heath Unit, as defined by Commission Order No. 1186.
- (3) That Commission Order No. 1202 dated March 13, 1973, authorized the drilling of wells at any location within the Dickinson Heath Unit area and further provided that no well be located closer than 500 feet from the Unit boundary.
- (4) That during the period since Commission Order No. 1202 was approved, the South Heart Field has been established adjacent to the Dickinson Heath Unit boundary.
- (5) That information gained from the drilling of wells in the South Heart Field indicates that allowing the Unit Operator of the Dickinson Heath Unit to drill a well in the NW NW of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota, might not be in the interest of

conscrvation, could constitute waste by the drilling of unnecessary wells, and might not protect correlative rights of all interested parties.

IT IS THEREFORE ORDERED:

- (1) That Permit No. 5678 issued to Continental Oil Company for a well located in the NW NW of Section 33, Township 140 North, Range 97 West, Stark County, North Dakota, be and the same, is hereby suspended.
- (2) That Bauer and Land, the applicant, appear before the Commission at $4:00~\mathrm{p.m.}$ on July 31, 1975, in Bismarck, North Dakota, and present evidence in support of their application.
- (3) That this order shall continue in force for a period not to exceed 15 days from the date of this order.

DONE, at Bismarck, North Dakota, this 18th day of July, 1975.

THE NORTH DAKOTA
INDUSTRIAL COMMISSION

Arthur A. Link, Governor

/s/ Allen I. Olson Allen I. Olson, Attorney General

LAW OFFICES OF

FLECK, MATHER, STRUTZ & MAYER, LTD.

SUITE 200 PROFESSIONAL BUILDING
P. O. BOX 1436

BISMARCK, NORTH DAKOTA 58501

ERNEST R. FLECK RUSSELL R. MATHER WILLIAM A. STRUTZ THOMAS A. MAYER WARREN H. ALBRECHI, JR. 1183

1ELEPHONE 701-223-6585

September 22, 1975

Mr. Gerald VandeWalle First Assistant Attorney General State Capitol Building Bismarck, North Dakota 58505

Dear Mr. VandeWalle:

In re Continental Oil Company Our File No. 11818

We enclose herewith Application for the above captioned company. We trust that the matter can be set for hearing before the Industrial Commission.

Very truly yours,

ERNEST R. FLECK

bs

Enclosure

cc Dr. A. E. Noble w/Enclosure

BEFORE THE INDUSTRIAL COMMISSION OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR AN ORDER PERMITTING THE DRILLING OF CERTAIN INJECTION WELLS ALONG THE DICKINSON HEATH SAND UNIT BOUNDARY IN STARK COUNTY, NORTH DAKOTA.

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APPLICATION

COMES NOW the Applicant, Continental Oil Company, and respectfully alleges:

I.

That Continental Oil Company, a Delaware corporation, authorized to do business in the State of North Dakota, is the Unit Operator for the Dickinson Heath Sand Unit, Stark County, North Dakota.

II.

That Commission Order 1202 approved a statutory type Unit and established administrative procedures and special operating rules for the Dickinson Heath Sand Unit lands on March 13, 1973.

III.

That the unitized lands are being waterflooded successfully. The injected water increases the pressure in the reservoir sands and forces oil to move to low pressure points in the reservoir which are the producing wells.

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That on the west end of the Unit the reservoir pressure has increased at Well No. 27 because of water injection. In time this increased pressure will force oil to migrate further to the west and off of the unitized lands.

v.

That the entire Heath Sand reservoir was not included in the Dickinson Heath Sand Unit as a result of lack of information. Present

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information indicates the oil saturated Heath sands extended beyond the areas mapped by the Dickinson Heath Sand Unit Engineering Committee.

VI.

That Article I, Paragraph 1.7 of Part II of the Plan of Unitization for the Dickinson Heath Sand Unit and the stated and implied convenants of the underlying leases require the Unit Operator to protect the Unit Area from drainage by offset operators.

VII.

That because of the secondary recovery operations through waterflooding and the resulting increase in reservoir pressures, oil cannot migrate onto the unitized lands but, in fact, can only migrate off of unitized lands.

VIII.

That lands immediately outside the Dickinson Heath Sand Unit have been, or are, subject to Commission Orders 1218, 1224, 1260, 1262, 1264, 1301, 1302, and perhaps others.

IX.

That by Commission Order 1365, Continental Oil Company, the Unit Operator, was prevented from drilling a well inside the Unit boundary, as authorized by Order 1202, which well was located to protect the Unit from drainage by wells directly offsetting the Unit boundary.

Х.

That subsequent to issuance of Commission Order 1365, two meetings between representatives of the Unit Operator and the working interest owners of leases to the west of the Unit were held in Denver on August 19 and September 10, 1975. At the meetings there were discussions concerning expansion of the Unit Area or methods of protecting the Unit Area from migration of oil from the unitized lands.

XI.

That at the two meetings of the working interest owners, information was exchanged on the reservoir volumes, reserves, current

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rates of production and other items. The information exchanged indicated that by using the existing Dickinson Heath Sand Unit unitization formula, the lands outside the Unit Area might not receive their equitable share of Unit participation. Hence, an immediate Unit expansion to the west does not appear to be a solution to the current problem of oil migration.

XII.

At the second meeting it was tentatively agreed that two injection wells should be located along the north boundary of the Unit in Section 33, Township 140 North, Range 97 West. The wells would be located approximately 400 feet from the west line and 10 feet from the north line; and 3640 feet from the west line and 10 feet from the north line of Section 33, Township 140 North, Range 97 West. The two wells would effectively halt migration of oil from the Unit Area. They will be beneficial in recovering oil by waterflooding which would otherwise remain unrecoverable on the lands outside the Unit boundary.

XIII.

That the major working interest owners outside the western part of the Unit Area will consider forming a new Unit (South Hart Unit) to include the productive lands outside the Dickinson Heath Sand Unit Area and joining in the drilling of the above two injection wells. In return, Unit Operator will attempt to negotiate a lease line injection agreement, a water sales agreement for pressured water to be injected on other parts of South Hart Unit, and attempt to negotiate a produced water disposal agreement whereby the Dickinson Heath Sand Unit would dispose of produced South Hart Unit water. The above agreements will be dependent upon the approval of the working interest owners in the two areas.

XIV.

Wherefore, to avoid subsurface waste, and to maximize the efficient recovery of oil from the two producing areas, Continental Oil Company, as Unit Operator of the Dickinson Heath Sand Unit, respectfully requests that the North Dakota Industrial Commission

31.

authorize the State Geologist to issue permits for two line injection wells at the approximate location stated above. The water injection rates into the two wells will be at rates agreed to by the Operators as conditions require, but initially will not exceed the combined production rates from wells presently located in Sections 27, 28, 32, and 33, Township 140 North, Range 97 West, Stark County, North Dakota.

Dated this 22nd day of September, 1975.

CONTINENTAL OIL COMPANY

FLECK, MATHER, STRUTZ & MAYER, Ltd. Attorneys for the Applicant Sutie 200, Professional Bldg. P.O. Box 1436 Bismarck, ND 58501

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STATE OF NORTH DAKOTA)
)ss
COUNTY OF BURLEIGH)

ERNEST R. FLECK, 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 is within the knowledge of the affiant, and that the same is true to the best of his knowledge, information and belief.

ERNEST R. FLECK

Subscribed and sworn to before me this 22nd day of September, 1975.

Carol Solberg, Notary Public Burleigh County, North Dakota My Commission Expires: 6-25-81

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