

BEFORE THE INDUSTRIAL COMMISSION

OF THE STATE OF NORTH DAKOTA

CASE NO. 3944

ORDER NO. 4490

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF THE LOUISIANA LAND & EXPLORATION COMPANY FOR AN ORDER TO PERMIT THE FLARING OF GAS PRODUCED FROM ITS HEUER 41-20 #1 WELL, LOCATED IN SECTION 20, T.161N., R.95W., SADLER FIELD, DIVIDE COUNTY, NORTH DAKOTA, AS AN EXCEPTION TO SECTION 38-08-06.4 NORTH DAKOTA CENTURY CODE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Pursuant to legal notice this cause came on for hearing at 9:00 a.m. on the 24th day of April, 1986, in Bismarck, North Dakota, before an examiner appointed by the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 5th day of May, 1986, 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 Section 38-08-06.4 of the North Dakota Century Code states:

As permitted under rules of the industrial commission, gas produced with crude oil from an oil well may be flared during a one-year period from the date of first production from the well, or until June 30, 1986, for wells in production prior to July 1, 1985. Thereafter, flaring of gas from the well must cease and the well must either be capped or connected to a gas gathering line. For a well operated in violation of this section, the producer shall pay royalties to royalty owners and gross production tax imposed under section 57-51-02 upon the value of the flared gas. The industrial commission shall enforce this section and, for each well operator found to be in violation of this section, shall determine the value of flared gas for purposes of payment of gross production tax and royalties under this section and its determination is final. A producer may obtain an exemption from this section from the industrial commission upon application and a showing that connection of the well to a natural gas gathering line is

economically infeasible at the time of the application or in the foreseeable future or that a market for the gas is not available.

(3) That applicant is the operator ("producer") of the following well in the Sadler-Madison Pool, Divide County, North Dakota:

Heuer 41-20 #1, Section 20, T.161N., R.95W.

(4) That the Sadler-Madison Pool is an oil reservoir, but gas is produced in association with crude oil at the wellhead as a by-product of oil production.

(5) That by previous order of the Commission, said well is currently authorized to flare so that all owners of interests in the well described herein may receive the maximum benefits of the oil and gas production in such a manner that will prevent waste and protect correlative rights.

(6) That the well is currently not connected to a gas gathering facility and that all casinghead gas being produced by the well and not being used for lease operations is being flared.

(7) That the applicant has submitted evidence that under current market conditions the surplus casinghead gas presently being produced by the well and the estimated recoverable reserves from the well is insufficient to recoup the costs of installing and operating a gas gathering facility.

(8) That if the applicant's request in this matter is not granted, royalties and tax must be paid on the flared gas from the above described well, or flaring must cease and the well must be "capped", resulting in the loss of oil production and the loss of the benefits of that production by all owners of interest in the well and the State of North Dakota.

(9) That considering the amount of surplus gas being produced by the well and the amount of estimated recoverable reserves from the well, it is economically infeasible at this time to connect the well to a gas gathering facility.

(10) That current conditions and circumstances relative to gas production, reserves, price and market, may change; hence, any exemptions granted should be limited in duration.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby allowed to flare surplus casinghead gas produced with crude oil from the Sadler-Madison Pool through the well listed in (3) of the findings as an exception to the provisions of Section 38-08-06.4 of the North Dakota Century Code.

(2) That the Enforcement Officer shall have the authority to administratively approve an application to extend the provisions of this order.

(3) That this order shall continue in full force and effect until the 1st day of June, 1987, unless modified by further order of the Commission or unless extended by administrative approval of the Enforcement Officer upon application by the operator and a showing that conditions and circumstances prevailing at the time of the hearing still exist.

Dated this 5th day of May, 1986.

INDUSTRIAL COMMISSION

STATE OF NORTH DAKOTA

/s/ George A. Sinner _
George A. Sinner, Governor

Nicholas J. Spaeth, Attorney General

/s/ Kent Jones _
Kent Jones, Commissioner of Agriculture

NORTH DAKOTA INDUSTRIAL COMMISSION

ENFORCEMENT OFFICER'S
ORDER NO. 68

IN THE MATTER OF THE APPLICATION
OF LOUISIANA LAND AND EXPLORATION
COMPANY FOR ADMINISTRATIVE
APPROVAL BY THE ENFORCEMENT
OFFICER CONTINUING THE EXEMPTION
TO SECTION 38-08-06.4 NDCC FOR ITS
WELL IN THE SADLER-MADISON POOL,
DIVIDE COUNTY, NORTH DAKOTA,
PROVIDED IN COMMISSION ORDER NO.
4490.

ADMINISTRATIVE ORDER OF THE ENFORCEMENT OFFICER

Pursuant to Section 38-08-06.4 NDCC the Industrial Commission, hereinafter "Commission", issued its Order No. 4490, in Case No. 3944, granting Louisiana Land and Exploration Company an exemption from the obligation to pay taxes and royalties on gas production that is flared from the following well in the Sadler-Madison Pool:

<u>File No.</u>	<u>Well Name & No.</u>	<u>Location</u>
11589	Heuer 41-20 #1	NE NE 20-161-95

As provided therein, the order continues in force and effect indefinitely, unless modified by further order of the Commission, or unless extended by administrative approval of the Enforcement Officer upon application by the operator, and a showing that conditions and circumstances prevailing at the time of the hearing of Case No. 3944 still exist.

On May 28, 1987, Louisiana Land and Exploration Company made application to the Enforcement Officer for administrative approval to continue Order No. 4490 in force and effect. Information contained in the application indicates that it is economically infeasible at this time and in the foreseeable future to connect the wells listed above to a natural gas gathering line.

IT IS THEREFORE ORDERED:

(1) That Order No. 4490 shall continue in full force and effect until further order of the Commission, or the Enforcement Officer.

Dated this 29th day of May, 1987.

FE William FOR
Wesley D. Norton
Enforcement Officer

The Louisiana Land and Exploration Company
Western Division

Suite 1200, One Civic Center Plaza
1560 Broadway
Denver, Colorado 80202

Area Code 303
830-2299

May 13, 1987



North Dakota Industrial Commission
Oil and Gas Division
900 East Boulevard
Bismarck, North Dakota 58505

Attention: F. E. Wilborn
Deputy Enforcement Officer

Re: Exemption to Flare Gas
Gooseneck Field
Case No. 3944

Dear Mr. Wilborn:

The Louisiana Land and Exploration Company (LL&E) requests continuance for Case No. 3944 granting LL&E an exemption from the obligation to pay taxes and royalties pursuant to Section 38-08-06.4 of the North Dakota Century Code on the volume of gas flared from the following wells:

<u>File No.</u>	<u>Well Name and Number</u>	<u>Location</u>	<u>Pool</u>
11589	Heuer 41-20 #1	NENE 20-161-95	Madison

The conditions and circumstances relative to the flaring of gas at the time of the hearing of Case No. 3944 still exist. The current production and well data has been enclosed as Attachment No. 1.

If there are any questions, please contact me at 303-830-2299.

Very truly yours,

THE LOUISIANA LAND AND
EXPLORATION COMPANY

Rick L. Kirby
Senior Petroleum Engineer

RLK/cs

Attachment

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

WESLEY D. NORTON
Chief Enforcement Officer

F. E. WILBORN
Deputy Enforcement Officer

CLARENCE G. CARLSON
Geologist

CHARLES KOCH
Engineering Dept.

DOREN DANNEWITZ
Field Supervisor

KEN KALLESTAD
Reclamation Sup.

April 23, 1987

Louisiana Land and
Exploration Company
P.O. Box 60350
New Orleans, LA 70160

Gentlemen:

The Industrial Commission in its Order No. 4490, Case No. 3944, granted Louisiana Land and Exploration Company an exemption from the obligation to pay taxes and royalties pursuant to Section 38-08-06.4 of the North Dakota Century Code on the volume of gas flared from the following well:

<u>File No.</u>	<u>Well Name & Number</u>	<u>Location</u>	<u>Pool</u>
11589	Heuer 41-20 #1	NE NE 20-161-95	Madison

The exemption provided in said order expires on the 1st day of June, 1987, unless modified by further order of the Commission, or extended by administrative approval of the Enforcement Officer. If continued exemption is desired, Louisiana Land and Exploration Company must make application to the Enforcement Officer for administrative approval, or to the Commission for an order continuing the exemption. The application to the Enforcement Officer must demonstrate that the conditions and circumstances relative to the flaring of gas at the time of the hearing of Case No. 3944 still exist.

If there are any questions, please do not hesitate to contact us.

Sincerely,

F. E. Wilborn /tap
F.E. Wilborn
Deputy Enforcement Officer

FEW/tp

**WELLS WITH FLARED GAS
LAKES FIELD**



Well Name	Location	Data as of 5/1/87			Cumulative Gas MCF	Ultimate Gas Reserves MCF	H ₂ S Content PPM	Distance from Gathering System
		Production		GOR				
		BOPD	MCFD	SCF/BBL				
#1 Heuer 41-20	NE Sec. 20, T161N-R95W, Divide Cty, ND	32	37	1,156	28,240	13,500	50*	3 miles

INVESTMENT ESTIMATE \$45,000

*Estimated by Analogy
**Actual Gas Analysis Measurement

NORTH DAKOTA INDUSTRIAL COMMISSION

OIL AND GAS DIVISION

WESLEY D. NORTON
Chief Enforcement Officer

F. E. WILBORN
Deputy Enforcement Officer

CLARENCE G. CARLSON
Geologist

CHARLES KOCH
Engineering Dept.

DOREN DANNEWITZ
Field Supervisor

KEN KALLESTAD
Reclamation Sup.

April 23, 1987

Louisiana Land and
Exploration Company
P.O. Box 60350
New Orleans, LA 70160

Gentlemen:

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<u>File No.</u>	<u>Well Name & Number</u>	<u>Location</u>	<u>Pool</u>
11589	Heuer 41-20 #1	NE NE 20-161-95	Madison

The exemption provided in said order expires on the 1st day of June, 1987, unless modified by further order of the Commission, or extended by administrative approval of the Enforcement Officer. If continued exemption is desired, Louisiana Land and Exploration Company must make application to the Enforcement Officer for administrative approval, or to the Commission for an order continuing the exemption. The application to the Enforcement Officer must demonstrate that the conditions and circumstances relative to the flaring of gas at the time of the hearing of Case No. 3944 still exist.

If there are any questions, please do not hesitate to contact us.

Sincerely,

F. E. Wilborn /tap
F.E. Wilborn
Deputy Enforcement Officer

FEW/tp

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL AND GAS DIVISION

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Chief Enforcement Officer

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Deputy Enforcement Officer

CLARENCE G. CARLSON
Geologist

CHARLES KOCH
Engineering Dept.

DOREN DANNEWITZ
Field Supervisor

KEN KALLESTAD
Reclamation Sup.

June 16, 1986

Mr. Rick Kirby
The Louisiana Land & Exploration Company
1560 Broadway, Ste. 1200
Denver, Colorado 80202

Dear Mr. Kirby:

All gas that is flared from wells in the following field(s) must be from flare stacks at least 10 feet in height:

Last Chance Field, Williams County, North Dakota
Musta Field, Divide County, North Dakota
Sadler Field, Divide County, North Dakota

In addition to the flare stack height required for wells in the aforementioned field(s), vents from each crude oil storage tank in the field must be tied into the flare system, or some other equally effective device to eliminate any direct venting of hydrogen sulfide to the atmosphere. Also, each flare system in the field must be equipped with an automatic ignitor, and/or a continuous burning pilot to ensure the flare is operational at all times.

If there are any questions regarding this matter, please do not hesitate to contact us.

Sincerely yours,

F. E. Wilborn
F. E. Wilborn
Deputy Enforcement Officer

FEW:lb

cc: Doren Dannewitz
Field Inspector
Case File #3938
Case File #3942
Case File #3944 ✓

NORTH DAKOTA STATE
DEPARTMENT OF HEALTH COMMENTS
CONCERNING
NORTH DAKOTA INDUSTRIAL COMMISSION
EXAMINER HEARING
April 24, 19 86

Case No. 3944

Purpose: Flaring of gas

Company: Louisiana Land and Exploration Company

Field: Sadler Formation: Madison

<u>Well(s)</u>	<u>Permit No.</u>	<u>Location</u>
Heuer #1 41-20	11589	20-161-95

Comments:

The well is reported to flare 35-45 mcf/d of gas containing 1.3% H₂S. Therefore, a 10-foot high flare stack is necessary to ensure compliance with the North Dakota Ambient Air Quality Standards.

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

AFFIDAVIT OF
MAILING

I, Evie Reisenauer, being duly sworn upon oath, depose and say: That on the 20th day of May, 1986, I enclosed in separate envelopes true and correct copies of the attached Order No. 4490 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, all of whom appeared at the hearing of the Industrial Commission in Case No. 3944 :

Rick Kirby
1560 Broadway
Suite 1200
Denver, CO 80202

Donald B. Wells
14001 E. Iliff Ave.
Suite 500
Aurora, CO 80014

Evie Reisenauer
Evie Reisenauer
Oil & Gas Division

On this 23rd day of May, 1986, before me personally appeared Evie Reisenauer to me known as the person described in and who executed the foregoing instrument and acknowledged that (s)he executed the same as his/her free act and deed.



Karen Gutenkunst
Notary Public
State of ND County of Burleigh
My Commission expires 5-13-88

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R 95 W

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161
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1 HEUER 41-20

PROPOSED
ROUTE

EXISTING
PIPELINE

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The Louisiana Land and Exploration Company
- WESTERN DIVISION -
1500 Broadway • 1200 One Civic Center Plaza • Denver, Colorado

Wilmington Basin

LAKES FIELD
DIVIDE COUNTY NORTH DAKOTA

CASE NO. 3944 BEFORE THE
NO. DAK. INDUSTRIAL COMMISSION

1"=4000'

APRIL, 1968

F

**WELLS WITH FLARED GAS
LAKES FIELD**

Well Name	Location	Data as of 1/1/86			Cumulative Gas MCF	Ultimate Gas Reserves MCF	H ₂ S Content PPM	Distance from Gathering System
		Production		GOR				
		BOPD	MCFD	SCF/BBL				
#1 Heuer 41-20	NE Sec. 20, T161N-R95W, Divide Cty, ND	41	47	1,150	7,240	34,500	50*	3 miles

INVESTMENT ESTIMATE \$45,000

*Estimated by Analogy

**Actual Gas Analysis Measurement

#3944

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION)
OF THE LOUISIANA LAND AND EXPLORA-)
TION COMPANY, FOR AN ORDER OF THE)
COMMISSION EXEMPTING THE #1)
HEUER 41-20 WELL, LOCATED IN)
SECTION 20, TOWNSHIP 161 NORTH,)
RANGE 95 WEST, DIVIDE COUNTY, NORTH)
DAKOTA, FROM THE PROVISIONS OF)
SECTION 38-08-06.4 OF THE NORTH)
DAKOTA CENTURY CODE, RELATING TO)
THE FLARING OF GAS PRODUCED IN)
ASSOCIATION WITH CRUDE OIL.)

APPLICATION

COMES NOW the applicant, The Louisiana Land and Exploration Company, and respectfully alleges as follows:

1. That it is the operator of the #1 Heuer 41-20 well located in the NE¼ of Section 20, Township 161 North, Range 95 West, Divide County, North Dakota.

2. That gas is produced in association with crude oil from the well.

3. That due to the volumes of gas produced and the location of existing gas lines, connection of the well to a natural gas gathering line is economically infeasible at the present time and in the foreseeable future. Further, that a market for the gas is not available.

4. That applicant is desirous that the Commission enter its order granting an exemption from the provisions of § 38-08-06.4 of the North Dakota Century Code, relating to the flaring of gas.

WHEREFORE, the applicant respectfully requests that this matter be set for hearing and that thereafter the Commission enter its order granting the relief requested.

