

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 6659
ORDER NO. 7762

IN THE MATTER OF A HEARING
CALLED ON A MOTION OF THE
COMMISSION TO CONSIDER THE
APPLICATION OF CONOCO INC. FOR AN
ORDER POOLING ALL INTERESTS IN A
SPACING UNIT FOR THE
DICKINSON-LODGEPOLE POOL
DESCRIBED AS THE W/2 OF SECTION
33, T.140N., R.96W., STARK COUNTY,
NORTH DAKOTA; AUTHORIZING THE
RECOVERY FROM EACH
NONPARTICIPATING LESSEE A RISK
PENALTY AS PROVIDED BY NORTH
DAKOTA CENTURY CODE SECTION
38-08-08 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 22nd day of January, 1997, in Bismarck, North Dakota, before an examiner appointed by the Industrial Commission of North Dakota, hereinafter referred to as the "Commission."

NOW, on this 10th day of February, 1997, 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) As set forth above, this case was called for hearing on January 22, 1997. At that time, counsel for the applicant requested that the hearing be recessed until January 29, 1997.

(3) There was no objection to the request of applicant's counsel.

(4) On January 29, 1997, the hearing on this matter was resumed and the applicant appeared before the Commission and presented its testimony and evidence in this case.

(5) The applicant is the owner of an oil and gas leasehold estate in a spacing unit for the Dickinson-Lodgepole Pool described as the W/2 of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota.

(6) The spacing unit is created in accordance with an order of the Commission and there are separately owned tracts or separately owned interests in the spacing unit, and some of the owners have not voluntarily pooled their interests for the development and operation of the spacing unit.

(7) The Commission makes no findings with regard to the specific acreage or percentage attributed to separately owned tracts or interests.

(8) Section 38-08-08 of the North Dakota Century Code requires the Commission to enter a pooling order upon application when two or more separately owned tracts are embraced within a spacing unit, or there are separately owned interests in all or a part of a spacing unit, in the absence of voluntary pooling. The section further provides that working interest owners in the spacing unit shall pay their share of the reasonable actual cost of drilling and operating the well plus a reasonable charge for supervision.

(9) The applicant requests an order of the Commission pooling all interests in the spacing unit, and asks that its request for a risk penalty be withdrawn.

(10) There were no objections to this application.

(11) In order to prevent waste and protect correlative rights this spacing unit should be pooled.

IT IS THEREFORE ORDERED:

(1) All oil and gas interests in a spacing unit for the Dickinson-Lodgepole Pool described as the W/2 of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota, are hereby pooled for the development and operation of the spacing unit.

(2) This pooling order shall not determine the specific acreage to be attributed to separately owned tracts, or specific interests attributed to separately owned interests.

(3) The operator of the well for the spacing unit shall conduct operations in a manner so as to protect correlative rights of all interested parties.

(4) All owners of interests shall receive, without unnecessary expense, their just and equitable share of production from the spacing unit in the proportion as their interests may appear in the spacing unit.

(5) The working interest owners shall reimburse the operator for their proportionate share of the reasonable actual cost of drilling and operating the well, plus a reasonable charge for supervision.

(6) In the event of any dispute as to such costs the Commission shall determine the proper cost.

(7) In the event the size of the spacing unit is modified by the Commission, this order terminates on the date of such order.

(8) This order shall be effective from the date of first operations, and shall remain in force until further order of the Commission.

Dated this 10th day of February, 1997.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission.

/s/ Wesley D. Norton, Director

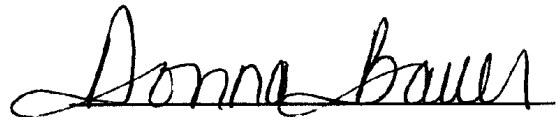
STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

AFFIDAVIT OF MAILING

I, Donna Bauer, being duly sworn upon oath, depose and say: That on the 18th day of February 1997, I enclosed in separate envelopes true and correct copies of the attached Order No. 7762 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 by the Industrial Commission in Case No. 6659:


John Morrison
Fleck, Mather & Strutz Ltd.
P. O. Box 2798
Bismarck, ND 58502

Lawrence Bender
Pearce & Durick
P. O. Box 400
Bismarck, ND 58502



Donna Bauer
Oil & Gas Division

On this 18th day of February, 1997, before me personally appeared Donna Bauer to me known as the person described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed.



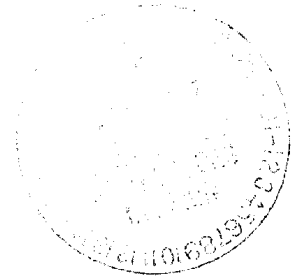
Notary Public

State of North Dakota County of Burleigh
My Commission expires 9.21.99

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**

CASE NO. 6659

**IN THE MATTER OF THE APPLICATION OF
CONOCO INC. FOR AN ORDER OF THE
COMMISSION POOLING ALL INTERESTS IN
A SPACING UNIT FOR THE DICKINSON-
LODGEPOLE POOL DESCRIBED AS THE
WEST HALF (W½) OF SECTION 33,
TOWNSHIP 140 NORTH, RANGE 96 WEST,
STARK COUNTY, NORTH DAKOTA;
AUTHORIZING THE RECOVERY FROM
EACH NONPARTICIPATING LESSEE A RISK
PENALTY AS PROVIDED BY N.D.C.C. § 38-08-
08 AND SUCH OTHER AND FURTHER
RELIEF AS THE COMMISSION DEEMS
APPROPRIATE.**



AFFIDAVIT OF P. JAMES TURNER

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

P. James Turner, being first duly sworn, deposes and states:

1.

That he is employed as a Land Explorationist for Conoco Inc. and that his business address is 10 Desta Drive, Midland, Texas 79705;

2.

That in the course of his work he has ascertained and become familiar with the mineral ownership and leasehold ownership in the West Half (W½) of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota ("Section 33");

3.

That there are separately owned tracts or interests in mineral estate and/or leasehold estate in Section 33;

4.

That in the course of his work he has also become familiar with the orders of the North Dakota Industrial Commission ("Commission") that govern spacing of wells for Section 33.

5.

That by virtue of Commission Order No. 6932 entered in Case No. 5964 dated October 17, 1995, the West Half (W $\frac{1}{2}$) of Section 33 constitutes a spacing unit for the Dickinson-Lodgepole Pool.

6.

That Conoco Inc. is the owner of a portion of the leasehold interests in the West Half (W $\frac{1}{2}$) of Section 33.

7.

That Conoco Inc. is currently drilling the Kostelecky 33 #1 well in the West Half (W $\frac{1}{2}$) of Section 33 to be completed in the Dickinson-Lodgepole Pool.

8.

That voluntary pooling of the interests within said spacing unit has not been accomplished.

9.

That on or about December 13, 1996, Conoco Inc., via certified mail, return receipt requested, notified Phoenix Energy Companies, Inc., Lonesome Dove Petroleum, Inc.,

TransTexas Gas Corp. TransDakota Oil Corp. and Lodgepole LLC (the "working interest owners") of Conoco Inc.'s plans to drill the Kostecky 33 #1 well.

10.

That each of the working interest owners was advised that Conoco Inc. had plans to spud the Kostecky 33 #1 well on or about January 15, 1997, and each of the working interest owners had until such time to elect to participate in the drilling of said well.

11.

That each of the working interest owners was provided with an authorization for expenditure ("AFE") for the Kostecky 33 #1 well and a joint operating agreement ("JOA") covering the West Half (W $\frac{1}{2}$) of Section 33, Township 140 North, Range 96 West, and requested to indicate their election to participate by returning an executed copy of the AFE.

12.

That Conoco Inc. has received executed copies of the AFE for the Kostecky 33 #1 well from each of the working interest owners indicating their respective election to participate in the drilling of the Kostecky 33 #1 well.

13.

That Conoco Inc. deems an executed AFE an election to participate in the drilling of the Kostecky 33 #1 well by any working interest owner returning the same.

14.

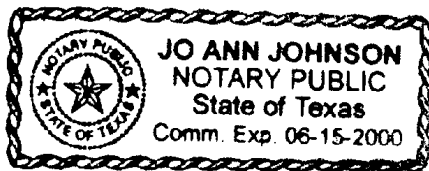
That Conoco Inc. requests that the Commission, pursuant to N.D.C.C. § 38-08-08, enter its order pooling all interests in the spacing unit for the Dickinson-Lodgepole Pool described as

the West Half (W½) of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota.

DATED this 23rd day of January, 1997.

P. J. Turner
P. JAMES TURNER

Subscribed and sworn to before me this 23 day of January, 1997.

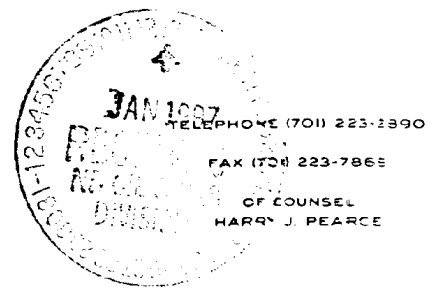


Jo Ann Johnson
Notary Public
County of Midland, State of Texas
My Commission Expires: _____

4659

PEARCE & DURICK
PROFESSIONAL LIMITED LIABILITY PARTNERSHIP
ATTORNEYS AT LAW
THIRD FLOOR
314 EAST THAYER AVENUE
P. O. BOX 400
BISMARCK, NORTH DAKOTA 58502

WILLIAM R. PEARCE 1910-1978
WILLIAM P. PEARCE
PATRICK W. DURICK
B. TIMOTHY DURICK
JOEL W. GILBERTSON
GARY R. THUNE
DAVID E. REICH
JEROME C. KETTLESON
LARRY L. BOSCHEE
LAWRENCE BENDER
STEPHEN D. EASTON
JONATHAN P. SANSTEAD



January 10, 1997

Ms. Karlene Fine
Executive Director and Secretary
North Dakota Industrial Commission
Capitol Building, 10th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0310


NDIC CASE NO. 6659
APPLICATION OF CONOCO INC.

Dear Ms. Fine:

Please find enclosed herewith for filing a NOTICE OF CONTINUANCE FOR CONOCO INC. and AFFIDAVIT OF SERVICE BY MAIL in regard to the above-captioned case.

Thank you for your attention to this matter.

Should you have any questions, please advise.

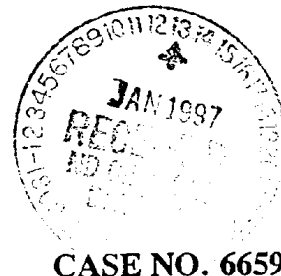
Sincerely,


LAWRENCE BENDER

LB/leo
Enclosure

- cc: Mr. Wes Norton - (w/enc.)
Mr. F. E. Wilborn - (w/enc.)
Mr. Charles Carvell - (w/enc.)
Mr. Jim Turner - (w/enc.)

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA



IN THE MATTER OF THE APPLICATION OF
CONOCO INC. FOR AN ORDER OF THE
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LODGEPOLE POOL DESCRIBED AS THE
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AUTHORIZING THE RECOVERY FROM
EACH NONPARTICIPATING LESSEE A RISK
PENALTY AS PROVIDED BY N.D.C.C. § 38-08-
08 AND SUCH OTHER AND FURTHER
RELIEF AS THE COMMISSION DEEMS
APPROPRIATE.

NOTICE OF CONTINUANCE FOR CONOCO INC.

PLEASE TAKE NOTICE that on Wednesday, January 22, 1997, Conoco Inc. will respectfully request that the above captioned hearing be continued to the regularly scheduled January 29, 1997, hearing of the Commission.

DATED this 10th day of January, 1997.

PEARCE & DERRICK, PLLP

By


LAWRENCE BENDER

Attorneys for Applicant
Conoco Inc.

314 East Thayer Avenue
Post Office Box 400
Bismarck, North Dakota 58502

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**

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RELIEF AS THE COMMISSION DEEMS
APPROPRIATE.**

AFFIDAVIT OF SERVICE BY MAIL

STATE OF NORTH DAKOTA)
) SS.
COUNTY OF BURLEIGH)

Lyn Odden, being first duly sworn, deposes and says that on the *10th* day of January, 1997, she served the attached:

NOTICE OF CONTINUANCE OF CONOCO INC.

by placing a true and correct copy thereof in an envelope addressed as follows:

Phoenix Energy Companies, Inc.
ATTN: Mr. Tom H. Cabe
5114 Yolanda Lane
Dallas, TX 75229

Lonesome Dove Petroleum, Inc.
ATTN: Mr. Brett A. Bodecker
P.O. Box 1229
Dickinson, ND 58602

TransTexas Gas Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

TransDakota Oil Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

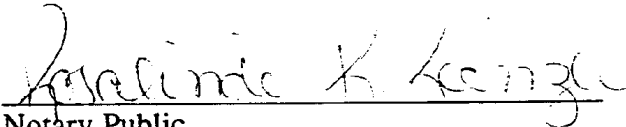
Lodgepole LLC
ATTN: Ms. Deborah Hewett
P.O. Drawer 171330
San Antonio, TX 78217

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota.


LYN ODDEN

Subscribed and sworn to before me this 10th day of January, 1997.




Rosalinde K. Kienzle
Notary Public
Burleigh County, North Dakota
My Commission expires: May 23, 2001

[illegible]

That such lands are currently within an area defined by the North Dakota Industrial Commission ("Commission") as the field boundaries for the Dickinson-Lodgepole Pool.

3.

That pursuant to Commission Order No. 6932 entered in Case No. 5964 dated October 17, 1996, proper spacing for the Dickinson-Lodgepole Pool has been established at one well to each 320 acres.

4.

That the West Half (W½) of Section 33 currently is the spacing unit for the Dickinson-Lodgepole Pool.

5.

That there are separately owned tracts or interests in mineral estate and leasehold estate in the West Half (W½) of Section 33.

6.

That voluntary pooling of the West Half (W½) of Section 33 has not been accomplished.

7.

That certain lessees owning leasehold interests in and under the West Half (W½) of Section 33 have elected not to participate in the drilling of a well to the Dickinson-Lodgepole Pool in said West Half (W½) of Section 33.

8.

That N.D.C.C. §38-08-08(1) provides, in part, that "when two or more separately owned tracts are embraced within a spacing unit, or when there are separately owned interests in all or a part of a spacing unit, . . . and in the absence of a voluntary pooling, the commission upon the application of any interested person shall enter an order pooling all interests in the spacing unit for the development and operations thereof."

9.

That N.D.C.C. § 38-08-08(3) provides, in part, as follows:

In addition to any costs and charges recoverable under subsections 1 and 2, if a lessee owning an interest in a spacing unit elects not to participate in the risk and cost of drilling a well thereon, the owner paying for the nonparticipating lessee's share of the drilling and operation of a well may recover from the nonparticipating lessee a risk penalty for the risk involved in drilling the well. The risk penalty is one hundred percent of the nonparticipating lessee's share of the reasonable actual costs of drilling and completing the well and may be recovered out of, and only out of, production from the pooled spacing unit, as provided by section 38-08-10, exclusive of any royalty or overriding royalty.

10.

That Conoco Inc. therefore requests that the Commission enter its order pooling all interests in a spacing unit for the Dickinson-Lodgepole Pool described as the West Half (W½) of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota and authorize the recovery from each nonparticipating lessee a risk penalty as provided by N.D.C.C. § 38-08-08.

WHEREFORE, applicant requests that this matter be set for hearing pursuant to N.D. Admin. Code § 43-02-03-88.1 and that thereafter the Commission issue its order granting the relief requested and such other and further relief as the Commission may deem appropriate.

DATED this 20th day of December, 1996.

PEARCE & DORICK, PLLP

By 
LAWRENCE BENDER

*Attorneys for Applicant
Conoco Inc.*

314 East Thayer Ave.
P. O. Box 400
Bismarck, ND 58502

STATE OF NORTH DAKOTA

)

) ss.

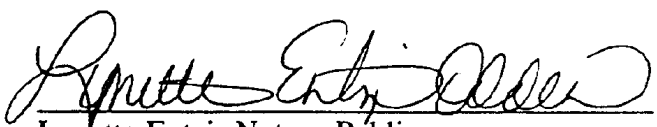
COUNTY OF BURLEIGH

)

LAWRENCE BENDER 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 that the same is true to the best of this affiant's knowledge, and belief.

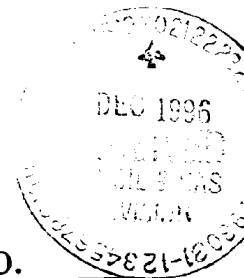

Lawrence Bender

Subscribed and sworn to before me this 20th day of December, 1996.


Lynette Entzi, Notary Public
Burleigh County, North Dakota
My Commission Expires: 6-26-99

LYNETTE ENTZI-ODDEN
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires JUNE 26, 1999

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**



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RELIEF AS THE COMMISSION DEEMS
APPROPRIATE.**

AFFIDAVIT OF SERVICE BY MAIL

STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

Lyn Odden, being first duly sworn, deposes and says that on the *20th* day of December, 1996, she served the attached:

APPLICATION OF CONOCO INC.

by placing a true and correct copy thereof in an envelope addressed as follows:

Phoenix Energy Companies, Inc.
ATTN: Mr. Tom H. Cabe
5114 Yolanda Lane
Dallas, TX 75229

Lonesome Dove Petroleum, Inc.
ATTN: Mr. Brett A. Bodecker
P.O. Box 1229
Dickinson, ND 58602

TransTexas Gas Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

TransDakota Oil Corp.
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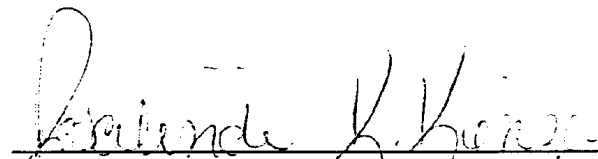
Lodgepole LLC
ATTN: Ms. Deborah Hewett
P.O. Drawer 171330
San Antonio, TX 78217

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota.

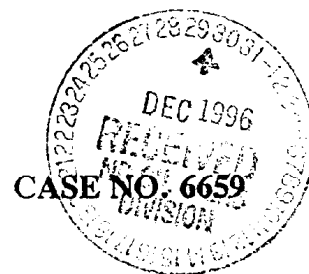

LYN ODDEN

Subscribed and sworn to before me this 20th day of December, 1996.

ROSALINDE K. KIENZLE
Notary Public STATE OF NORTH DAKOTA
My Commission Expires May 23, 2001


ROSALINDE KIENZLE, Notary Public
Burleigh County, North Dakota
My Commission expires: May 23, 2001

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STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

Lyn Odden, being first duly sworn, deposes and says that on the 27th day of December, 1996, she served the attached:

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by placing a true and correct copy thereof in an envelope addressed as follows:

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Dallas, TX 75229

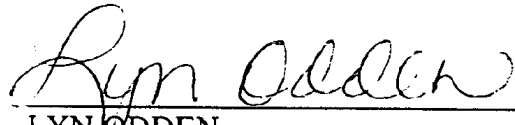
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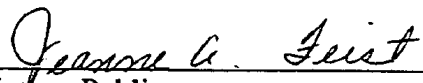
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and depositing the same, with postage prepaid, certified mail, return receipt requested, in the United States mail at Bismarck, North Dakota.


LYNN ODDEN

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Notary Public
Burleigh County, North Dakota
My Commission expires:
3-7-2001

PEARCE & DURICK
PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

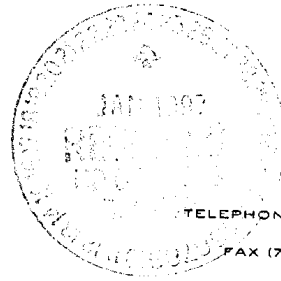
ATTORNEYS AT LAW

THIRD FLOOR

314 EAST THAYER AVENUE

P. O. BOX 400

BISMARCK, NORTH DAKOTA 58502



TELEPHONE (701) 223-2890

FAX (701) 223-7865

OF COUNSEL
HARRY J. PEARCE

WILLIAM R. PEARCE 1910-1978
WILLIAM P. PEARCE
PATRICK W. DURICK
B. TIMOTHY DURICK
JOEL W. GILBERTSON
GARY R. THUNE
DAVID E. REICH
JEROME C. KETTLESON
LARRY L. BOSCHEE
LAWRENCE BENDER
STEPHEN D. EASTON
JONATHAN P. SANSTEAD

January 24, 1997

Mr. Jack Wilborn
North Dakota Industrial Commission
Oil and Gas Division
600 E. Boulevard
Bismarck, ND 58505

HAND DELIVERED

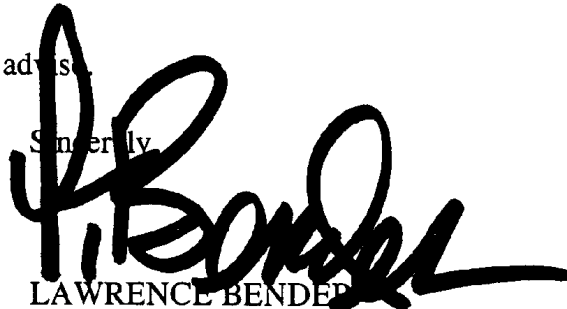
**AFFIDAVIT OF P. JAMES TURNER
NDIC CASE NO. 6659**

Dear Jack:

Please find enclosed herewith to supplement the record, the original Affidavit of P. James Turner in regard to the above-captioned case.

Should you have any questions, please advise.

Sincerely,



LAWRENCE BENDER

LB/leo

Enclosure

cc: Mr. Bruce Hicks - (w/enc.)
Phoenix Energy Companies, Inc. - (w/enc.)
Lonesome Dove Petroleum, Inc. - (w/enc.)
TransTexas Gas Corp. - (w/enc.)
TransDakota Oil Corp. - (w/enc.)
Lodgepole LLC - (w/enc.)
Mr. Jim Turner - (w/o enc.)

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2.

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3.

That there are separately owned tracts or interests in mineral estate and/or leasehold estate in Section 33;

4.

That in the course of his work he has also become familiar with the orders of the North Dakota Industrial Commission ("Commission") that govern spacing of wells for Section 33.

5.

That by virtue of Commission Order No. 6932 entered in Case No. 5964 dated October 17, 1995, the West Half (W $\frac{1}{2}$) of Section 33 constitutes a spacing unit for the Dickinson-Lodgepole Pool.

6.

That Conoco Inc. is the owner of a portion of the leasehold interests in the West Half (W $\frac{1}{2}$) of Section 33.

7.

That Conoco Inc. is currently drilling the Kostelecky 33 #1 well in the West Half (W $\frac{1}{2}$) of Section 33 to be completed in the Dickinson-Lodgepole Pool.

8.

That voluntary pooling of the interests within said spacing unit has not been accomplished.

9.

That on or about December 13, 1996, Conoco Inc., via certified mail, return receipt requested, notified Phoenix Energy Companies, Inc., Lonesome Dove Petroleum, Inc.,

TransTexas Gas Corp. TransDakota Oil Corp. and Lodgepole LLC (the “working interest owners”) of Conoco Inc.’s plans to drill the Kostelecky 33 #1 well.

10.

That each of the working interest owners was advised that Conoco Inc. had plans to spud the Kostelecky 33 #1 well on or about January 15, 1997, and each of the working interest owners had until such time to elect to participate in the drilling of said well.

11.

That each of the working interest owners was provided with an authorization for expenditure (“AFE”) for the Kostelecky 33 #1 well and a joint operating agreement (“JOA”) covering the West Half (W½) of Section 33, Township 140 North, Range 96 West, and requested to indicate their election to participate by returning an executed copy of the AFE.

12.

That Conoco Inc. has received executed copies of the AFE for the Kostelecky 33 #1 well from each of the working interest owners indicating their respective election to participate in the drilling of the Kostelecky 33 #1 well.

13.

That Conoco Inc. deems an executed AFE an election to participate in the drilling of the Kostelecky 33 #1 well by any working interest owner returning the same.

14.

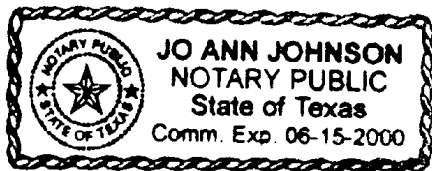
That Conoco Inc. requests that the Commission, pursuant to N.D.C.C. § 38-08-08, enter its order pooling all interests in the spacing unit for the Dickinson-Lodgepole Pool described as

the West Half (W½) of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota.

DATED this 23rd day of January, 1997.

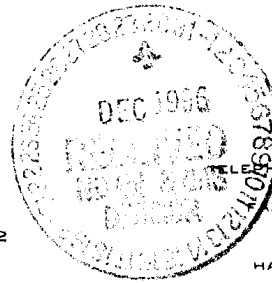
P.J. Turner
P. JAMES TURNER

Subscribed and sworn to before me this 23 day of January, 1997.



Jo Ann Johnson
Notary Public
County of Midland, State of Texas
My Commission Expires: _____

PEARCE & DURICK
PROFESSIONAL LIMITED LIABILITY PARTNERSHIP
ATTORNEYS AT LAW
THIRD FLOOR
314 EAST THAYER AVENUE
P. O. BOX 400
BISMARCK, NORTH DAKOTA 58502



WILLIAM R. PEARCE 1910-1978
WILLIAM R. PEARCE
PATRICK W. DURICK
B. TIMOTHY DURICK
JOEL W. GILBERTSON
GARY R. THUNE
DAVID E. REICH
JEROME C. KETTLESON
LARRY L. BOSCHEE
LAWRENCE BENDER
STEPHEN D. EASTON
JONATHAN P. SANSTEAD

TELEPHONE (701) 223-2890

FAX (701) 223-7865

OF COUNSEL
HARRY J. PEARCE

December 27, 1996

Ms. Karlene Fine
Executive Director and Secretary
North Dakota Industrial Commission
Capitol Building, 10th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0310

CASE NO. 6659
APPLICATION OF CONOCO INC.
SECTION 33-T140N-R96W
STARK COUNTY, NORTH DAKOTA

Dear Ms. Fine:

Please find enclosed herewith for filing an AFFIDAVIT OF SERVICE BY MAIL in regard to the above-captioned matter.

Thank you for your attention to this matter.

Sincerely,

LAWRENCE BENDER

LB/leo

Enclosure

cc: Mr. Wesley D. Norton - (w/enc.)
Mr. F.E. (Jack) Wilborn - (w/enc.)
~~Mr. Bruce E. Hicks - (w/enc.)~~
Mr. Charles Carvell - (w/enc.)
Mr. Jim Turner - (w/enc.)

DEC 1966
RECEIVED
NOV 24 1966
DIVISION

CASE NO. 6659

AFFIDAVIT OF SERVICE BY MAIL

Lyn Odden, being first duly sworn, deposes and says that on the 27th day of December, 1996, she served the attached:

by placing a true and correct copy thereof in an envelope addressed as follows:

Phoenix Energy Companies, Inc.
ATTN: Mr. Tom H. Cabe
5114 Yolanda Lane
Dallas, TX 75229

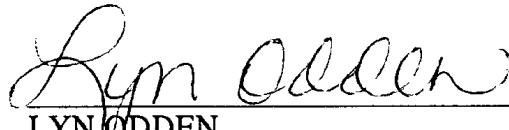
Lonesome Dove Petroleum, Inc.
ATTN: Mr. Brett A. Bodecker
P.O. Box 1229
Dickinson, ND 58602

TransTexas Gas Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

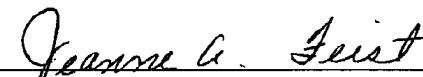
TransDakota Oil Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

Lodgepole LLC
ATTN: Ms. Deborah Hewett
P.O. Drawer 171330
San Antonio, TX 78217

and depositing the same, with postage prepaid, certified mail, return receipt requested, in the United States mail at Bismarck, North Dakota.


LYN ODDEN

Subscribed and sworn to before me this 27th day of December, 1996.


Notary Public
Burleigh County, North Dakota
My Commission expires:
3-7-2001

PEARCE & DURICK

PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

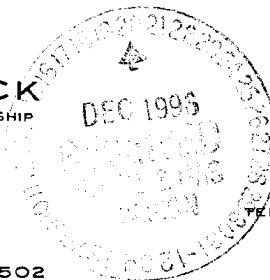
ATTORNEYS AT LAW

THIRD FLOOR

314 EAST THAYER AVENUE

P. O. BOX 400

BISMARCK, NORTH DAKOTA 58502



WILLIAM R. PEARCE 1910-1978

WILLIAM P. PEARCE

PATRICK W. DURICK

B. TIMOTHY DURICK

JOEL W. GILBERTSON

GARY R. THUNE

DAVID E. REICH

JEROME C. KETTLESON

LARRY L. BOSCHEE

LAWRENCE BENDER

STEPHEN D. EASTON

JONATHAN P. SANSTEAD

TELEPHONE (701) 223-2890

FAX (701) 223-7865

OF COUNSEL
HARRY J. PEARCE

December 20, 1996

Ms. Karlene Fine
Executive Director and Secretary
North Dakota Industrial Commission
Capitol Building, 10th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0310

HAND DELIVERED

**APPLICATION OF CONOCO INC.
SECTION 33-T140N-R96W
STARK COUNTY, NORTH DAKOTA**

Dear Ms. Fine:

Please find enclosed herewith for filing an APPLICATION OF CONOCO INC. and AFFIDAVIT OF SERVICE BY MAIL in regard to the above-captioned matter.

Thank you for your attention to this matter.

Sincerely,

LAWRENCE BENDER

LB/leo

Enclosure

cc: Mr. Wesley D. Norton - (w/enc.)
Mr. F.E. (Jack) Wilborn - (w/enc.)
Mr. Bruce E. Hicks - (w/enc.)
Mr. Charles Carvell - (w/enc.)
Mr. Jim Turner - (w/enc.)

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**

CASE NO. _____

**IN THE MATTER OF THE APPLICATION OF
CONOCO INC. FOR AN ORDER OF THE
COMMISSION POOLING ALL INTERESTS IN
A SPACING UNIT FOR THE DICKINSON-
LODGEPOLE POOL DESCRIBED AS THE
WEST HALF (W½) OF SECTION 33,
TOWNSHIP 140 NORTH, RANGE 96 WEST,
STARK COUNTY, NORTH DAKOTA;
AUTHORIZING THE RECOVERY FROM
EACH NONPARTICIPATING LESSEE A RISK
PENALTY AS PROVIDED BY N.D.C.C. § 38-08-
08 AND SUCH OTHER AND FURTHER
RELIEF AS THE COMMISSION DEEMS
APPROPRIATE.**

APPLICATION OF CONOCO INC.

COMES NOW the applicant, Conoco Inc., and respectfully shows the North Dakota Industrial Commission ("Commission") as follows:

1.

That Conoco Inc. is the owner of an interest in the oil and gas leasehold estate in portions of the West Half (W½) of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota ("Section 33").

2.

That such lands are currently within an area defined by the North Dakota Industrial Commission ("Commission") as the field boundaries for the Dickinson-Lodgepole Pool.

3.

That pursuant to Commission Order No. 6932 entered in Case No. 5964 dated October 17, 1996, proper spacing for the Dickinson-Lodgepole Pool has been established at one well to each 320 acres.

4.

That the West Half (W½) of Section 33 currently is the spacing unit for the Dickinson-Lodgepole Pool.

5.

That there are separately owned tracts or interests in mineral estate and leasehold estate in the West Half (W½) of Section 33.

6.

That voluntary pooling of the West Half (W½) of Section 33 has not been accomplished.

7.

That certain lessees owning leasehold interests in and under the West Half (W½) of Section 33 have elected not to participate in the drilling of a well to the Dickinson-Lodgepole Pool in said West Half (W½) of Section 33.

8.

That N.D.C.C. §38-08-08(1) provides, in part, that "when two or more separately owned tracts are embraced within a spacing unit, or when there are separately owned interests in all or a part of a spacing unit, . . . and in the absence of a voluntary pooling, the commission upon the application of any interested person shall enter an order pooling all interests in the spacing unit for the development and operations thereof."

9.

That N.D.C.C. § 38-08-08(3) provides, in part, as follows:

In addition to any costs and charges recoverable under subsections 1 and 2, if a lessee owning an interest in a spacing unit elects not to participate in the risk and cost of drilling a well thereon, the owner paying for the nonparticipating lessee's share of the drilling and operation of a well may recover from the nonparticipating lessee a risk penalty for the risk involved in drilling the well. The risk penalty is one hundred percent of the nonparticipating lessee's share of the reasonable actual costs of drilling and completing the well and may be recovered out of, and only out of, production from the pooled spacing unit, as provided by section 38-08-10, exclusive of any royalty or overriding royalty.

10.

That Conoco Inc. therefore requests that the Commission enter its order pooling all interests in a spacing unit for the Dickinson-Lodgepole Pool described as the West Half (W½) of Section 33, Township 140 North, Range 96 West, Stark County, North Dakota and authorize the recovery from each nonparticipating lessee a risk penalty as provided by N.D.C.C. § 38-08-08.

WHEREFORE, applicant requests that this matter be set for hearing pursuant to N.D. Admin. Code § 43-02-03-88.1 and that thereafter the Commission issue its order granting the relief requested and such other and further relief as the Commission may deem appropriate.

DATED this 20th day of December, 1996.

PEARCE & DORICK, PLLP

By


LAWRENCE BENDER

Attorneys for Applicant

Conoco Inc.

314 East Thayer Ave.

P. O. Box 400

Bismarck, ND 58502

STATE OF NORTH DAKOTA

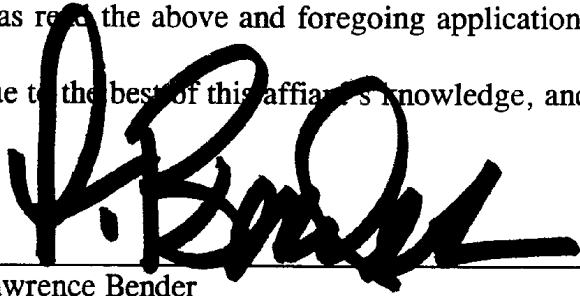
)

) ss.

COUNTY OF BURLEIGH

)

LAWRENCE BENDER 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 that the same is true to the best of this affiant's knowledge, and belief.


Lawrence Bender

Subscribed and sworn to before me this 20th day of December, 1996.


Lynette Entzi, Notary Public

Burleigh County, North Dakota

My Commission Expires: 6-26-99

LYNETTE ENTZI-ODDEN
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires JUNE 26, 1999

NO.

AFFIDAVIT OF SERVICE BY MAIL

Phoenix Energy Companies, Inc.
ATTN: Mr. Tom H. Cabe
5114 Yolanda Lane
Dallas, TX 75229

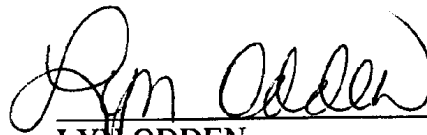
Lonesome Dove Petroleum, Inc.
ATTN: Mr. Brett A. Bodecker
P.O. Box 1229
Dickinson, ND 58602

TransTexas Gas Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

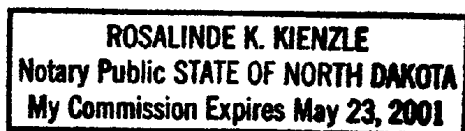
TransDakota Oil Corp.
ATTN: Mr. Dale F. Wetherbee
1300 East North Belt, Suite 310
Houston, TX 77032-2949

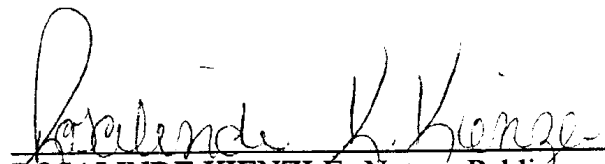
Lodgepole LLC
ATTN: Ms. Deborah Hewett
P.O. Drawer 171330
San Antonio, TX 78217

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota.


LYN ODDEN

Subscribed and sworn to before me this 20th day of December, 1996.




ROSALINDE KIENZLE, Notary Public
Burleigh County, North Dakota
My Commission expires: May 23, 2001

THE DICKINSON PRESS
Dickinson, North Dakota

PAID

P.O. BOX 1498
BISMARCK, NORTH DAKOTA 58502 1498
(701) 223-2500
IN STATE (800) 472-2273
FAX (701) 223-4240

**NOTICE OF PUBLICATION
NORTH DAKOTA
INDUSTRIAL COMMISSION
BISMARCK, NORTH DAKOTA**

The State of North Dakota by its Industrial Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following public hearing to be held at 9:00 a.m. on [redacted] at the [redacted] Inn, Exit 159 & 194, Bismarck, North Dakota. For the purpose of this hearing, the Commission, any member thereof acting as Examiner, or an Examiner appointed by the Commission will receive testimony and exhibits.

ATTENTION PERSONS WITH DISABILITIES: If you plan to attend the hearing and will need special facilities or assistance relating to a disability, please contact the North Dakota Industrial Commission at 701-328-3722 by January 8, 1997.

STATE OF NORTH DAKOTA VS.
All named parties and persons having any right, title, interest, or claim in the following cases and notices to the public. **CASE NO. 6658:** ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF BALLANTYNE OIL CO. FOR AN ORDER AMENDING THE FIELD RULES FOR THE WAYNE-MADISON POOL SO AS TO CREATE AND ESTABLISH A 160-ACRE SPACING UNIT CONSISTING OF THE SW/4 OF SECTION 32, T.162N., R.81W., BOTTINEAU COUNTY, NORTH DAKOTA, AUTHORIZING THE DRILLING OF UP TO THREE HORIZONTAL WELLS IN ADDITION TO THE EXISTING VERTICAL WELLS LOCATED THEREIN, AND/OR SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE. **CASE NO. 6660:** ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF CONOCO INC. FOR AN ORDER POOLING ALL INTERESTS IN A SPACING UNIT FOR THE DICKINSON-LODGEPOLE POOL DESCRIBED AS THE W/2 OF SECTION 33, T.140N., R.96W., STARK COUNTY, NORTH DAKOTA, AUTHORIZING THE RECOVERY FROM EACH NONPARTICIPATING LESSEE A RISK PENALTY AS PROVIDED BY NORTH DAKOTA CENTURY CODE SECTION 38-08-08 AND SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE. **CASE NO. 6661:** ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF PRAIRIE PETROLEUM, INC. FOR AN ORDER AMENDING THE FIELD RULES FOR THE EAST FORK-MADISON POOL SO AS TO CREATE AND ESTABLISH A 320-ACRE SPACING UNIT CONSISTING OF THE W/2 OF SECTION 22, T.156N., R.100W., WILLIAMS COUNTY, NORTH DAKOTA, AUTHORIZING THE DRILLING OF A HORIZONTAL WELL THEREIN, AND/OR SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION DEEMS APPROPRIATE. **CASE NO. 6662:** ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF RJL OIL & GAS, INC. FOR AN ORDER ALLOWING THE FEDERAL #1-14 WELL, LOCATED IN THE SE/4 OF SECTION 14, T.148N., R.105W., MCKENZIE COUNTY, NORTH DAKOTA, TO BE COMPLETED IN AND PRODUCE FROM THE MONDAK-RED RIVER POOL AS AN EXCEPTION TO THE APPLICABLE FIELD RULES AT A LOCATION APPROXIMATELY 2013 FEET FROM THE EAST LINE AND 2451 FEET FROM THE SOUTH LINE OF SAID SECTION 14, OR AT SUCH

OTHER LOCATION AS THE WELL MAY ULTIMATELY ENCOUNTER THE RED RIVER POOL, BUT IN NO EVENT CLOSER THAN 500 FEET TO THE BOUNDARY OF THE SPACING UNIT CONSISTING OF THE E/2 OF SAID SECTION 14, OR FOR SUCH OTHER AND FURTHER RELIEF AS THE COMMISSION MAY DEEM APPROPRIATE. **CASE NO. 6662:** ON A MOTION OF THE COMMISSION TO CONSIDER THE APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR AN ORDER PURSUANT TO SECTION 43-02-03-88.1 OF THE NORTH DAKOTA ADMINISTRATIVE CODE FOR THE CONVERSION TO INJECTION INTO THE MADISON FORMATION IN THE ERRMU #13-13 WELL, LOCATED IN THE SE NW OF SECTION 13, T.145N., R.101W., MCKENZIE COUNTY, NORTH DAKOTA.

Signed by,
Edward T. Schafer, Governor
Chairman, ND Industrial Commission
12/30 - 27272

12/31/96

OIL & GAS DIVISION

56.71

PLEASE PAY BY JAN 15.

OIL & GAS DIVISION

**CROO

100 E BOULEVARD AV
BISMARCK ND 58505

BISMARCK TRIBUNE
PO BOX 1498
BISMARCK ND 58502

INVOICE #02212170 TL

AMT PAID \$

CHECK #

PLEASE DETACH AND RETURN UPPER PORTION WITH YOUR REMITTANCE

14	DESCRIPTION - OTHER COMMENTS/CHARGES	15 16	SAU SIZE BILLED UNITS	17 18	TIMES RUN RATE	19	GROSS AMOUNT	20	NET AMOUNT
	NOTICED OF PUBL ASS CODE - 0001		107L		53		56.71		56.71

NOTICE OF PUBLICATION
OF NORTH DAKOTA

THE COMMISSION OF NORTH DAKOTA, PERSONALLY APPEARED Cleta Martin WHO,
BY Cleta Martin HER ATTORNEY, AND
BY Cleta Martin HER ATTORNEY, FOR THE BISMARCK TRIBUNE, A NEWSPAPER
PUBLISHED IN BISMARCK, NORTH DAKOTA, ON JANUARY 1, 1997.

CARLA JOE FIDRMAN
NORTH DAKOTA, STATE OF NORTH DAKOTA
My Commission Expires JULY 1, 2002

PAST DUE AMOUNTS

SBI

TOTAL AMOUNT DUE

56.71

221217-0

221217-0

OIL & GAS DIVISION