

MAY 4 1976

Honourable S. Green Q.C.,
Minister of Mines, Resources
and Environmental Management.

COPY

Jas. T. Cawley, P. Eng.,
Chairman,
Oil and Natural Gas
Conservation Board.

At a hearing 76 03 12 the Oil and Natural Gas Conservation Board examined applications for:

1. Dispensing with the annual meeting requirement in unit agreements pertaining to North Virden Scallion Unit No. 1 and Virden Roselea Unit No. 1.
2. Increasing the operating charges in unit agreements pertaining to:
 - North Virden Scallion Unit No. 1
 - Virden Roselea Unit No. 1
 - Virden Roselea Unit No. 2
 - Virden Roselea Unit No. 3
 - Routledge Unit No. 1

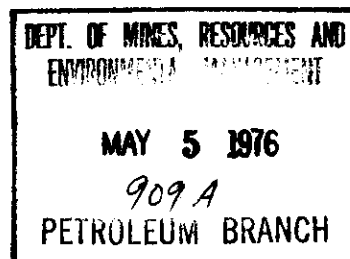
The Board recommends your approval, by your signature, on the attached Unitization Orders which incorporate the changes and amend previous Unitization Orders.

ORIGINAL SIGNED BY

Jas. T. Cawley, P. Eng.

JSR/gls
Att(s).

b.c.c. - J. S. Roper
- I. Haugh
- H. C. Moster



The Oil and Natural Gas
Conservation Board:
Jas. T. Gawley, P. Eng., Chairman,
J. S. Roper, Deputy Chairman,
I. Haugh, Member.

76 04 26

H. C. Moster,
Director,
Petroleum Branch.

XXXXXX

Subject:

Approval of five applications by Chevron Standard Limited to
amend Unit Agreements (increase operating charges) for:

North Virden Scallion Unit No. 1
Virden-Roselea Unit No. 1
Virden-Roselea Unit No. 2
Virden-Roselea Unit No. 3
Routledge Unit No. 1

Background:

Chevron Standard Limited in letters dated November 19, 1975
applied to the Board for amendments to the Unit Agreements covering the
above five Units. The parts of the amendments being applied for are:

1. Part XXVI, Section 26.07 (j) (iv)^{clause (a)} of the Unit Plan for North Virden
Scallion Unit No. 1 to increase overhead, operating and routine
maintenance costs from \$100 to \$115 per well per month for all Unit
operated wells.
2. Part XXVI, Section 26.07 (k) (iii) of the Unit Plan for Virden-Roselea
Unit No. 1 to increase the overhead rate from \$5,250.00 to \$6,000.00
per month for all producing operations in the Unit.
3. Part XXVI, Section 26.07 (k) (iii) of the Unit Plan for Virden-Roselea
Unit No. 2 to increase the overhead rate from \$3,150.00 to \$4,000.00
per month for all producing operations in the Unit.
4. Part XXVI, Section 26.07 (k) (iii) of the Unit Plan for Virden-Roselea
Unit No. 3 to increase the overhead rate from \$6,265.00 to \$7,200.00
per month for all producing operations in the Unit.
5. Part XXVI, Section 26.07 (k) (iii) of the Unit Plan for Routledge Unit
No. 1 to increase the overhead rate from \$6,100.00 to \$7,000.00 per
month for all producing operations in the Unit.

Consent Forms to these proposed amendments, executed by Working
Interest Owners of each Unit, were received representing the following
percentages of the total Participating Interest in each Unit:

1. 98.46369 percent for North Virden Scallion Unit No. 1 (13 consents
representing 16 out of 18 Working Interest Owners).

2. 94.40320 percent for Virden-Roselea Unit No. 1 (8 consents representing 8 out of 14 Working Interest Owners).
3. 94.06278 percent for Virden-Roselea Unit No. 2 (3 consents representing 3 out of 5 Working Interest Owners).
4. 88.06803 percent for Virden-Roselea Unit No. 3 (11 consents representing 11 out of 17 Working Interest Owners).
5. 88.30772 percent in the Routledge Unit No. 1 (3 consents representing 3 out of 16 Working Interest Owners).

The Board held a public hearing in Winnipeg, Manitoba on March 12, 1976 to consider the proposed amendments.

Discussion:

No objections were received after advertising from the Working Interest Owners to any of the proposed amendments for the above five Units.

A comparison of overhead rates made by Chevron for different Units in Manitoba, Saskatchewan and Alberta (copy attached) shows that

the average rate/well/month, Manitoba is \$67.33
the average rate/well/month, Alberta (4 units) \$87.50
the rate/well/month, Saskatchewan (1 unit) \$52.00

Chevron confirmed that the discrepancy of 1.001 percent in the Working Owner's Interests in Virden-Roselea Unit No. 3 was a typing error on their behalf, therefore, the consents from Working Interest Owners should total 88.06803 percent for this Unit.

Recommendation:

It is recommended that the Board approve the proposed changes to Section 26.07 of all five Unit Agreements.

Unitization Orders to effect these changes are attached.

The necessary Orders-In-Council (Section 78(5) of "The Mines Act") will be prepared and forwarded to the Board when the Unitization Orders have been approved and dated (Order date required for O.I.C.).

Original Signed by H. C. Moster

H. C. Moster

hcm/et
Attacks.

The Oil and Natural Gas
Conservation Board:
Jas. T. Cawley, P. Eng., Chairman,
J. S. Roper, Deputy Chairman,
I. Haugh, Member.

76 04 23

H. C. Moster,
Director,
Petroleum Branch.

XXXXX

Subject:

Approval of two applications by Chevron Standard Ltd. to amend Unit Agreements (dispense with Annual Meetings) for North Virden Scallion Unit No. 1 and Virden-Roselea Unit No. 1

Background:

Chevron Standard Limited in letters dated February 25, 1976 to the Board applied for amendments to the Unit Agreements covering the above two Units. The amendments being applied for pertain to Clause 5.06 of Part V of the Unit Agreement for North Virden Scallion Unit No. 1 and Clause 5.06 of Part V of the Unit Agreement for Virden-Roselea Unit No. 1. The Applicant requested deletion of the existing Clause 5.06 in both Agreements (which requires the holding of annual meetings) and substituting therefor the following clause:

"5.06 The Operating Committee shall meet on the call of Unit Operator, or at the request of a representative of any Working Interest Owner, Unit Operator shall notify all members of the Operating Committee in writing at least ten (10) days in advance of any meeting of the time and place of the proposed meeting, and of the specific matters affecting unit operations which will be presented, discussed and voted upon at such meeting, and no other matters shall be voted upon at such meeting unless each Working Interest Owner is represented thereat and agrees that such further matters may be voted upon."

A public hearing was held by the Board in Winnipeg, Manitoba on March 12, 1976. Although the above two applications were filed subsequent to the Notice of Hearing being advertised, it was the Board's decision to discuss these two applications with Chevron's representatives at the hearing.

Discussion:

The reason given by the Applicant for the amendments in their February 25 application letter is that the need for annual meetings is becoming unnecessary and the attempts to obtain quorums at such meetings

is proving difficult. Clause 6.02 of both Unit Agreements states that:

"6.02 At any meeting of the Operating Committee a quorum shall consist of the representatives personally present of not less than [four (4) in North Virden Scallion Unit No. 1, and three (3) in Virden-Roselea Unit No. 1] of the Working Interest Owners having, in the aggregate, [sixty-five (65%) percent in Scallion Unit, and seventy-five (75%) percent in Roselea Unit] or more of the total voting interest."

North Virden Scallion Unit No. 1 and Virden-Roselea Unit No. 1 were the first Units to be formed in Manitoba. All Units formed after these two Units have utilized the amended version of Clause 5.06 in their respective Agreements.

The proposed amendments only affect the Working Interest Owners, and still allow for the calling of meetings whenever a Working Interest Owners so requests.

Consent Forms to the amendments, executed by the Working Interest Owners of each Unit, were received representing the following percentages of the total Participating Interest in each Unit:

1. 99.65720 percent in the North Virden Scallion Unit No. 1 (14 consents representing 17 out of 18 Working Interest Owners).
2. 96.48675 percent in the Virden-Roselea Unit No. 1 (12 consents representing 12 out of 14 Working Interest Owners).

Based on the discussions between the Department's Solicitor and Chevron's legal counsel, it was the Solicitor's recommendation that the Board accept the wording of the proposed change as submitted by Chevron.

Because the consents of the majority of the Working Interest Owners in both Units have been received, it is recommended that there is no need to advertise the applications.

Recommendations:

It is recommended that the Board approve the proposed changes to Clause 5.06 of both Agreements.

Draft Unitization Orders to effect these changes are attached.

The necessary Orders-In-Council (Section 78(5) of The Mines Act) will be prepared and forwarded to the Board when the Unitization Orders have been approved and dated (Order date required for C.I.C.).

Original Signed by H. C. Moster

H. C. Moster

HCM/et
Attachs.

The Oil and Natural Gas
Conservation Board:
Jas. T. Cawley, P. Eng., Chairman
J. S. Roper, Deputy Chairman
I. Haugh, Member

76 63 02

H. C. Moster
Director
Petroleum Branch

XXXXX

Subject:

Applications to Amend Unit Agreements
(Chevron Standard Limited)
North Virden Scallion Unit No. 1
Virden-Roselea Unit No. 1

Background:

The subject Units were formed in 1962 and 1965, respectively. The "Plan for Unit Operation Governing the Unitized Operation and Further Development of" each unit contains the following clause:

PART V Organisation Of The Operating Committee

"5.06 The Operating Committee shall meet on the call of Unit Operator, or at the request of a representative of any Working Interest Owner and, in any event, shall meet on the call of Unit Operator at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceeding meeting. Unit Operator shall notify all members of the Operating Committee in writing at least ten (10) days in advance of any meeting of the time and place of the proposed meeting, and of the specific matters affecting unit operations which will be presented, discussed and voted upon at such meeting, and no other matters shall be voted upon at such meeting unless each Working Interest Owner is represented thereat and agrees that such further matters may be voted upon."

Chevron Standard Limited as Unit Operator for each Unit has requested the subject Clause be amended by deleting the following:

"and, in any event, shall meet on the call of Unit Operator at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceeding meeting."

Discussion:

These two (2) Units were the first units effected in Manitoba. Units coming into effect since that time have used the proposed amended version of Clause 5.06. The reason given by the Applicant for the requested revisions is that the need for annual meetings is becoming unnecessary and attempts to obtain a quorum at such meetings is proving difficult. The proposed amendment to the Clause still allows for the calling of meetings whenever a Working Interest Owner so requests.

The amendment only affects Working Interest Owners.

The Applicant has requested these two (2) applications be heard at the public hearing to be held on March 12, 1976. Consents from the Working Interest Owners shall be filed with the Board at that time or as soon as possible thereafter.

Subsections (2), (4) and (5) of Section 78 of The Mines Act provide for such applications, re-hearing and amendments to unitization orders.

Recommendations:

It is recommended that:

- (1) the subject two (2) applications be heard at the public hearing to be held on March 12, 1976, and
- (2) the applications be approved upon submission of consents from the Working Interest Owners effected.



H. C. Moster

HCM/et
Attachs.



Chevron Standard Limited

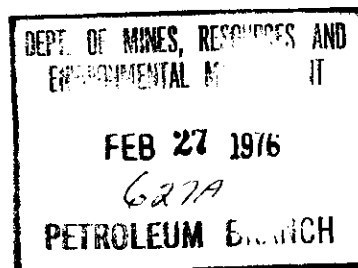
400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

R. R. Mahaffey
General Attorney

February 25, 1976

North Virden Scallion
Unit No. 1
Virden-Roselea Unit No. 1

Mr. H. C. Moster, P. Eng.,
Director, Petroleum Branch,
Mineral Resources Division,
Department of Mines, Resources,
and Environmental Management,
993 Century Street,
Winnipeg, Manitoba.
R3H 0W4



Dear Sir:

At the request of our Mr. G. W. Cruickshank I enclose four (4) copies of each of our Letters of Application, dated February 25, 1976, to The Oil and Natural Gas Conservation Board, in connection with each of the subject Units.

Yours very truly,


R. R. MAHAFFEY

EHG/ps
Encl.



Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

February 25, 1976

The Oil and Natural Gas Conservation
Board,
Province of Manitoba,
Room 310 Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Attention: Mr. J. T. Cawley, Chairman

Dear Sirs:

Pursuant to Section 78 of The Mines Act, being Chapter M160, Revised Statutes of Manitoba, 1970 and Amendments thereto, Chevron Standard Limited, as Operator of the North Virden Scallion Unit No. 1, on behalf of the Working Interest Owners, hereby applies for an amendment to the "Plan for Unit Operation Governing the Unitized Management Operation and Further Development of North Virden Scallion Unit No. 1" (Unitization Order No. 1), as amended (Unitization Order No. 2 and Unitization Order No. 12), (hereinafter called "the said Plan"), as follows:

By deleting Clause 5.06 of Part V of the said Plan and by substituting therefor:

"5.06 The Operating Committee shall meet on the call of Unit Operator, or at the request of a representative of any Working Interest Owner, Unit Operator shall notify all members of the Operating Committee in writing at least ten (10) days in advance of any meeting of the time and place of the proposed meeting, and of the specific matters affecting unit operations which will be presented, discussed and voted upon at such meeting, and no other matters shall be voted upon at such meeting unless each Working Interest Owner is represented thereat and agrees that such further matters may be voted upon."

Reasons for Application

It is the intent of Unit Operator to dispense with annual meetings that are not beneficial to the Unit. In accordance with Clause 5.06 of the said Plan at present the Operating Committee must meet "at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding meeting."

In recent years problems have arisen in obtaining a quorum to conduct the annual North Virden Scallion Unit No. 1 Operating Committee Meeting. In several instances the meeting have been held up awaiting proxies to be

February 25, 1976

delivered or the arrival of renotified Working Interest Owner representatives. It is Unit Operator's opinion that the North Virden Scallion Unit No. 1 has reached a stage in its production life where very little of a contentious nature is occurring. It appears that the annual progress report adequately outlines unit operations thereby resulting in a lack of interest in annual meetings.

If the proposed amendment to Clause 5.06 is approved the Operating Committee may still convene at the request of Unit Operator or any Working Interest Owner. All Chevron operated Manitoba Units formed subsequent to the Virden-Roselea Unit No. 1 have utilized the amended version of Clause 5.06 in their respective Plans.

This amendment would affect the Working Interest Owners solely and the requested change will have no bearing on the Royalty Owners in the Unit.

We therefore respectfully request that the Board hold a public hearing, pursuant to Section 78(4) of The Mines Act, to consider this Application, if possible in conjunction with the Public Hearing to be held at Winnipeg on Friday, March 12, 1976. We expect to be able to file with the Board at that time or as soon as possible thereafter consents from the Working Interest Owners to this Application.

Yours very truly,



G. W. CRUICKSHANK, Chairman,
Operating Committee



Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

February 25, 1976

The Oil and Natural Gas Conservation
Board,
Province of Manitoba,
Room 310, Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Attention: Mr. J. T. Cawley, Chairman

Dear Sirs:

Pursuant to Section 78 of The Mines Act, being Chapter M160, Revised Statutes of Manitoba, 1970 and Amendments thereto, Chevron Standard Limited, as Operator of the Virden-Roselea Unit No. 1, on behalf of the Working Interest Owners, hereby applies for an amendment to the "Plan of Unit Operation Governing the Unitized Management Operation and Further Development of Virden-Roselea Unit No. 1" (Unitization Order No. 3), as amended (Unitization Order No. 6 and Unitization Order No. 7), (hereinafter called "the said Plan"), as follows:

By deleting Clause 5.06 of Part V of the said Plan and by substituting therefor:

"5.06 The Operating Committee shall meet on the call of Unit Operator, or at the request of a representative of any Working Interest Owner. Unit Operator shall notify all members of the Operating Committee in writing at least ten (10) days in advance of any meeting of the time and place of the proposed meeting, and of the specific matters affecting unit operations which will be presented, discussed and voted upon at such meeting, and no other matters shall be voted upon at such meeting unless each Working Interest Owner is represented thereat and agrees that such further matters may be voted upon."

Reasons for Application

It is the intent of Unit Operator to dispense with annual meetings that are not beneficial to the Unit. In accordance with Clause 5.06 of the said Plan at present the Operating Committee must meet "at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding meeting."

February 25, 1976

It is Unit Operator's opinion that the Virden-Roselea Unit No. 1 is approaching the stage in its production life where very little of a contentious nature will occur. While it has not been too difficult to obtain a quorum for the annual meeting as in the case of another unit it is anticipated that in the future the annual progress report will suffice in keeping Working Interest Owners aware of unit operations.

If the proposed amendment to Clause 5.06 is approved the Operating Committee may still convene at the request of Unit Operator or any Working Interest Owner. All Chevron operated Manitoba Units formed subsequent to Virden-Roselea Unit No. 1 have utilized the amended version of Clause 5.06 in their respective Plans.

This amendment would affect the Working Interest Owners solely and the requested change will have no bearing on the Royalty Owners in the Unit.

We therefore respectfully request that the Board hold a public hearing, pursuant to Section 78(4) of The Mines Act, to consider this Application, if possible in conjunction with the Public Hearing to be held by the Board at Winnipeg on Friday, March 12, 1976. We expect to be able to file with the Board at that time or as soon as possible thereafter consents from the Working Interest Owners to this Application.

Yours very truly,



G. W. CRUICKSHANK, Chairman,
Operating Committee.



Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

EXHIBIT NO. 1
OIL & N. GAS CONSERVATION BOARD
DATE MARCH 12/76
HEARING.....

February 25, 1976

The Oil and Natural Gas Conservation
Board,
Province of Manitoba,
Room 310 Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Attention: Mr. J. T. Cawley, Chairman

Dear Sirs:

Pursuant to Section 78 of The Mines Act, being Chapter M160, Revised Statutes of Manitoba, 1970 and Amendments thereto, Chevron Standard Limited, as Operator of the North Virden Scallion Unit No. 1, on behalf of the Working Interest Owners, hereby applies for an amendment to the "Plan for Unit Operation Governing the Unitized Management Operation and Further Development of North Virden Scallion Unit No. 1" (Unitization Order No. 1), as amended (Unitization Order No. 2 and Unitization Order No. 12), (hereinafter called "the said Plan"), as follows:

By deleting Clause 5.06 of Part V of the said Plan and by substituting therefor:

"5.06 The Operating Committee shall meet on the call of Unit Operator, or at the request of a representative of any Working Interest Owner, Unit Operator shall notify all members of the Operating Committee in writing at least ten (10) days in advance of any meeting of the time and place of the proposed meeting, and of the specific matters affecting unit operations which will be presented, discussed and voted upon at such meeting, and no other matters shall be voted upon at such meeting unless each Working Interest Owner is represented thereat and agrees that such further matters may be voted upon."

Reasons for Application

It is the intent of Unit Operator to dispense with annual meetings that are not beneficial to the Unit. In accordance with Clause 5.06 of the said Plan at present the Operating Committee must meet "at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding meeting."

In recent years problems have arisen in obtaining a quorum to conduct the annual North Virden Scallion Unit No. 1 Operating Committee Meeting. In several instances the meeting have been held up awaiting proxies to be

February 25, 1976

delivered or the arrival of renotified Working Interest Owner representatives. It is Unit Operator's opinion that the North Virden Scallion Unit No. 1 has reached a stage in its production life where very little of a contentious nature is occurring. It appears that the annual progress report adequately outlines unit operations thereby resulting in a lack of interest in annual meetings.

If the proposed amendment to Clause 5.06 is approved the Operating Committee may still convene at the request of Unit Operator or any Working Interest Owner. All Chevron operated Manitoba Units formed subsequent to the Virden-Roselea Unit No. 1 have utilized the amended version of Clause 5.06 in their respective Plans.

This amendment would affect the Working Interest Owners solely and the requested change will have no bearing on the Royalty Owners in the Unit.

We therefore respectfully request that the Board hold a public hearing, pursuant to Section 78(4) of The Mines Act, to consider this Application, if possible in conjunction with the Public Hearing to be held at Winnipeg on Friday, March 12, 1976. We expect to be able to file with the Board at that time or as soon as possible thereafter consents from the Working Interest Owners to this Application.

Yours very truly,



G. W. CRUICKSHANK, Chairman,
Operating Committee

The Oil & Natural Gas
Conservation Board:
Jas. T. Gamley, Chairman
J. S. Roper, Deputy Chairman
I. Haugh, Member

December 1, 1975

H. G. Moster
Director
Petroleum Branch

XXXXXX

Subject:

North Virden Scallion Unit No. 1
Chevron Standard Limited (Unit Operator)
Application, dated November 19, 1975,
Requesting Board Approval of Amendment to Unitization Agreement

Background:

Manitoba Regulation 57/62 being The Oil and Natural Gas Conservation Board Unitization Order No. 1 pertaining to The Unitized Management Operation and Further Development of North Virden Scallion Unit No. 1 was approved by the Lieutenant Governor in Council (O.I.C. No. 983/62) and passed by the Board on July 18, 1962 and made effective August 1, 1962.

Certain sections under The Mines Act state as follows:

"78(2) Where an order contains no provision as to limitation on a further application with respect to the order, any working interest owner may apply for, or the board may of its own motion hold, a re-hearing of the matters covered by the order, or a working interest owner may apply for, or the board of its own motion may hold a hearing to consider, amendments to the order."

"78(4) Upon receiving an application from a working interest owner under subsection (2) or (3), the board shall hold a re-hearing of the matters covered in, or hold a hearing to consider amendments to, the order."

"78(5) After holding a re-hearing of the matters covered in an order, or a hearing to consider amendments to an order, the board may, subject to the approval of the Lieutenant Governor in Council, make an order amending the order in any way or revoking the order and substituting a further order therefor, or revoking the order without any substitution."

Certain sections in the Plan For Unit Operation Governing the Unitized Management Operation and Further Development Of North Virden Scallion Unit No. 1 state as follows:

"1.02(s) "Unit Operated Wells" means all wells (including wells drilled for the production of Unitized Substances, wells drilled for the purpose of producing water only, wells drilled for the purpose of water disposal and wells drilled for the purpose of pressure maintenance operations or secondary recovery operations) in the possession of Unit Operator hereunder, whether acquired from a Working Interest Owner or drilled by Unit Operator pursuant to the terms hereof, but excluding Unit Facilities in and on the said Wells;"

"Rights Granted the Operating Committee

6.03 All rights, powers, privileges and duties hereunder not specifically delegated to Unit Operator or reserved to the individual Working Interest Owners are hereby granted collectively to the Operating Committee. Without limiting the generality of the foregoing, the following rights and powers are granted to the Operating Committee:

(a)

(b)

(j) To amend Part XXVI hereof from time to time whether in whole or in part, PROVIDED THAT, no amendment increasing the charges to be made by Unit Operator under Section 26.07(j) hereof shall become effective until the approval of the Conservation Board to such increase in charges has been obtained."

"Part XXVI - Accounting Procedure

26.07 Subject to the limitations hereinafter prescribed, Unit Operator shall charge the Common Account with the following costs of development and operation of the Joint Property;

(a)

(b)

(j) District and administrative overhead:

The rates set forth below shall be charged to the Common Account in lieu of a proportionate share of the costs incurred by the Unit Operator under subparagraphs (i), (ii), (iii) and (iv) of paragraph (j) of Section 26.07

2. Does "Unit Operated Wells" include all non-abandoned wells in the Unit (i.e. - including suspended wells), or does it only include active wells? (presently 21 wells in Unit have not produced for atleast one year). How many wells would presently be affected by the proposed rate increase and what would that equate to as a monthly charge to the Unit?
3. How does the present rate compare with similar charges in other Manitoba units and with units in other provinces?
4. What are the major causes of the variance in charges between different Units operated by the Applicant in Manitoba?

	<u>\$/well/mth.</u>
eg.: North Virden Scallion Unit No. 1 (presently requested)	= \$115
Virden-Roselea Unit No. 1 (presently requested)	= 67
Virden-Roselea Unit No. 2 (presently requested)	= 74
Virden-Roselea Unit No. 3 (presently requested)	= 68
Routledge Unit No. 1 (presently requested)	= 76
<i>Proposed Oaks Unit No. 3</i>	= <i>65 (all wells)</i>

5. Applicant has stated that the requested charges for all the above Units, except for North Virden Scallion Unit No. 1, are considerably below the current rates now charged in Alberta. What are the current rates now charged in Alberta?

(If this requested rate is higher than those in Alberta, what is the reason? Similarly, why are the wells in this Unit more costly to the Unit Operator than wells in other Manitoba units?)

Original Signed by H. C. Moster

H. C. Moster

HCM/et
Attachs.

NORTH VIRDEN SCALLION UNIT NO. 1

SCHEDULE "B"

PRIMA FACIE WORKING INTEREST OWNERS AND THEIR PARTICIPATING INTERESTS IN NORTH VIRDEN SCALLION UNIT NO. 1 AS OF SEPTEMBER 1, 1974

<u>Working Interest Owner</u>	<u>Percent Participating Interest</u>
Chevron Standard Limited	61.34827 ✓
Shell Canada Limited	7.02213 ✓
Sun Oil Company Limited	6.86857 ✓
* Dome Petroleum Limited	4.93739 ✓
Canadian Superior Oil Ltd.	4.36564 ✓
Union Oil Company of Canada Limited	3.96180 ✓
Canadian Reserve Oil and Gas Ltd.	3.22193 ✓
Imperial Oil Limited	2.01053 ✓
Milestone Petroleum Limited	1.19351
* Provo Gas (Sask.) Limited	1.18140 ✓
Gulf Oil Canada Limited	1.11762 ✓
Canadian Export Gas & Oil Limited	0.99954 ✓
* Western Naco Petroleums Limited	0.41657 ✓
* Provo Gas Producers Ltd.	0.40996 ✓
Daniel J. Pickrell & Virginia C. Pickrell	0.34280
Triton Oil & Gas Corp.	0.28166 ✓
Daniel J. Pickrell	0.21132 ✓
Hudson's Bay Oil and Gas Company Limited	0.10936 ✓
	100.00000

98.46369 %

* SINGLE CONSENT FORM.

✓ CONSENT FORMS RECEIVED.



Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

November 19, 1975

The Oil and Natural Gas Conservation
Board,
Province of Manitoba,
Room 310, Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Attention: Mr. J. T. Cawley, Chairman

Dear Sirs:

Chevron Standard Limited, as Unit Operator of the North Virden Scallion Unit No. 1, under and pursuant to The Mines Act, Chapter M160, Revised Statutes of Manitoba, 1970 and Amendments thereto, hereby, on behalf of itself and the other Working Interest Owners in North Virden Scallion Unit No. 1, requests The Oil and Natural Gas Conservation Board to hold a hearing to consider and approve an amendment to Clause 26.07 (j) (iv) (a) of the "Plan for Unit Operation Governing the Unitized Management Operation and Further Development of North Virden Scallion Unit No. 1", as amended, pursuant to Part VI, Clause 6.03 (j) of the "Plan" and Section 78 of The Mines Act, as follows:

By deleting sub-paragraph (a) from Part XXVI, Section 26.07 (j) (iv) and substituting therefor:

"(a) \$115.00 per well per month for all Unit Operated Wells effective January 1, 1976."

Overhead, operating and routine maintenance costs are combined in a flat fee of \$100.00 per well per month in the North Virden Scallion Unit No. 1. This charge has remained unchanged since the Unit became effective in 1962. Battery consolidation, staff reductions and improved efficiency of operation made it possible to hold this fee constant. The stage has now been reached where further operating economics are impossible and a current review indicates the need for a rate increase. The rapid escalation in wages over the last two years has further compounded the problem.

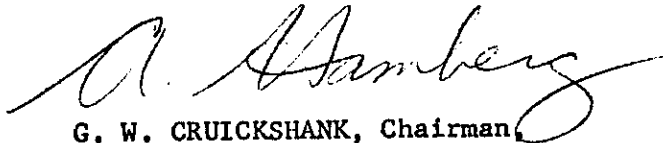
All operating costs are borne solely by the Working Interest Owners and the requested change will have no bearing on the Royalty Owners in the Unit.

The Oil and Natural Gas Conservation Board

November 19, 1975

In support of this application we enclose Consent Forms executed by Working Interest Owners owning 98.46364 percent of the Participating Interest in the North Virden Scallion Unit No. 1.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "G. W. Cruickshank".

G. W. CRUICKSHANK, Chairman,
Operating Committee.

November 25, 1975

Chevron Standard Limited
400 - Fifth Avenue S. W.
Calgary, Alberta
T2P 0L7

Attention: Mr. H. H. Mahaffey

Dear Sir:

Re: North Virden Scallion Unit No. 1
Virden-Roselea Unit No. 1
Virden-Roselea Unit No. 2
Virden-Roselea Unit No. 3
Routledge Unit No. 1

On behalf of The Oil and Natural Gas Conservation Board, we acknowledge receipt of your letter dated November 20, 1975 together with each of the five applications dated November 19, 1975 in which Board approval was requested with respect to certain amendments to the unitization agreements covering the subject units.

You shall receive notification as to the hearing date, time and location when such has been determined.

Yours sincerely,

Original Signed by H. C. Moster

H. C. Moster, P. Eng.,
Director, Petroleum Branch.

HGM/et

c.c. Members of the Board:
Jas. T. Cawley, Chairman
J. S. Roper, Deputy Chairman
I. Haugh, Member

Province of Manitoba

inter-departmental memo

To:

H. C. Moster,
Director of Petroleum Branch,
Mineral Resources Division,
993 Century Street.

Date

75-11-21

From

J. S. Roper,
Policy Advisor.

Subject:

Re: North Virden Scallion Unit No. 1
Virden-Roselea Unit No. 1
Virden-Roselea Unit No. 2
Virden-Roselea Unit No. 3
Routledge Unit No. 1

DEPT. OF MINES AND PETROLEUM EMERY
NOV 24 1975
PETROLEUM

Attached is: -

1. Letter dated November 20th to Mr. Cawley from R. R. Mahaffey, Chevron Standard, conveying a Letter of Application in connection with the subject units.

2. Copy of letter dated November 19th to Mr. Cawley from G. W. Cruickshank, Chevron Standard, applying for an amendment to Part XXVI Section 26.07(j)(iv) of the Unit Plan for North Virden Scallion Unit No. 1 together with 13 consent forms signed by various Working Interest Owners.

3. Copy of letter dated November 19th to Mr. Cawley from G. W. Cruickshank, Chevron Standard, applying for an amendment to Part XXVI Section 26.07(k)(iii) of the Unit Plan for Virden-Roselea Unit No. 1 together with 8 consent forms signed by various Working Interest Owners.

4. Copy of letter dated November 19th to Mr. Cawley from G. W. Cruickshank, Chevron Standard, applying for an amendment to Part XXVI Section 26.07(k)(iii) of the Unit Plan for Virden-Roselea Unit No. 2 together with 3 consent forms signed by various Working Interest Owners.

5. Copy of letter dated November 19th to Mr. Cawley from G. W. Cruickshank, Chevron Standard, applying for an amendment to Part XXVI Section 26.07(k)(iii) of the Unit Plan for Virden-Roselea Unit No. 3 together with 11 consent forms signed by various Working Interest Owners.

6. Copy of letter dated November 19th to Mr. Cawley from G. W. Cruickshank, Chevron Standard, applying for an amendment to Part XXVI Section 26.07(k)(iii) of the Unit Plan for Routledge Unit No. 1 together with 3 consent forms signed by various Working Interest Owners.

Please:

- (1) Acknowledge receipt of the above on behalf of the Board.
- (2) Review the applications and make recommendations to the Board regarding the actions required.

JSR/gls

c.c. - Jas. T. Cawley

- I. Haugh

J. S. Roper.

First | Fold



Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

R. R. Mahaffey
General Attorney

November 20, 1975

North Virden Scallion Unit No. 1
Virden-Roselea Unit No. 1
Virden-Roselea Unit No. 2
Virden-Roselea Unit No. 3
Routledge Unit No. 1

The Oil and Natural Gas Conservation
Board,
Province of Manitoba,
Room 310, Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Attention: Mr. J. T. Cawley

Dear Sirs:

✓
We enclose three (3) copies each of a Letter of Application in connection with the Units mentioned above. If you require further copies of these Applications or further information thereon please let us know.

Yours very truly,


R. R. MAHAFFEY

EHG/ps
Encls.





Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

November 19, 1975

The Oil and Natural Gas Conservation
Board,
Province of Manitoba,
Room 310, Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Attention: Mr. J. T. Cawley, Chairman

Dear Sirs:

Chevron Standard Limited, as Unit Operator of the North Virden Scallion Unit No. 1, under and pursuant to The Mines Act, Chapter M160, Revised Statutes of Manitoba, 1970 and Amendments thereto, hereby, on behalf of itself and the other Working Interest Owners in North Virden Scallion Unit No. 1, requests The Oil and Natural Gas Conservation Board to hold a hearing to consider and approve an amendment to Clause 26.07 (j) (iv) (a) of the "Plan for Unit Operation Governing the Unitized Management Operation and Further Development of North Virden Scallion Unit No. 1", as amended, pursuant to Part VI, Clause 6.03 (j) of the "Plan" and Section 78 of The Mines Act, as follows:

By deleting sub-paragraph (a) from Part XXVI, Section 26.07 (j) (iv) and substituting therefor:

"(a) \$115.00 per well per month for all Unit Operated Wells effective January 1, 1976."

Overhead, operating and routine maintenance costs are combined in a flat fee of \$100.00 per well per month in the North Virden Scallion Unit No. 1. This charge has remained unchanged since the Unit became effective in 1962. Battery consolidation, staff reductions and improved efficiency of operation made it possible to hold this fee constant. The stage has now been reached where further operating economics are impossible and a current review indicates the need for a rate increase. The rapid escalation in wages over the last two years has further compounded the problem.

All operating costs are borne solely by the Working Interest Owners and the requested change will have no bearing on the Royalty Owners in the Unit.

- 1 -

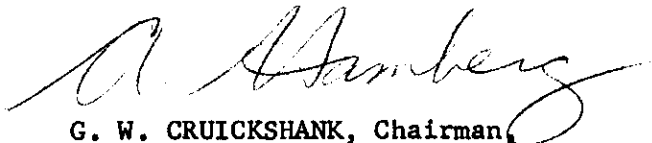
EXHIBIT NO. 1
OIL & N. GAS CONSERVATION BOARD
DATE MARCH 12/76
HEARING

The Oil and Natural Gas Conservation Board

November 19, 1975

In support of this application we enclose Consent Forms executed by Working Interest Owners owning 98.46364 percent of the Participating Interest in the North Virden Scallion Unit No. 1.

Respectfully submitted,



G. W. CRUICKSHANK, Chairman,
Operating Committee.

Comparison of Overhead Rates

				\$ PER MONTH	NO. OF WELLS	RATE PER WELL	OPERATOR
Varden Roselea	#1	MAN.		6000	90	6700	CHENIERON
✓	✓	#2	✓	4000	54	7400	✓
✓	-	#3	✓	7200	105	68.00	✓
Routledge	#1	✓		7000	92	7600	✓
Daly	#3	✓		5200	80	65.00	✓
N. Varden Scallion	#1	✓	*		211	54.00	✓
North Pembina C Unit	#1 - Alberta			35000	470	7500	Imperial
Metsue	- Alberta			15420	161	9600	Chenieron
Mipsa	- Alberta			16500	175	9400	Amoco
Joffre D 2	- Alberta *			-	125	8500	Imperial
Weyburn	- Sask			34000	650	52.00	Kan Canadian

* Rates per well per month

7
EXHIBIT NO. 7
OIL & N. GAS CONSERVATION BOARD
DATE MARCH 12/76
HEARING