

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

**COPY**

MAY 4 1976

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

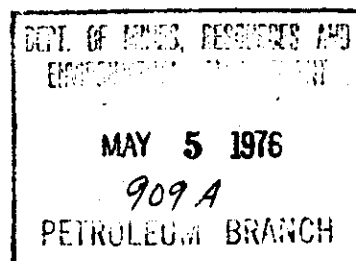
The Board recommends your approval, by your signature, on the attached Unitization Orders which incorporate the changes and amend previous Unitization Orders.

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. Cawley, P. Eng., Chairman,  
J. S. Roper, Deputy Chairman,  
I. Haugh, Member.

76 04 26

H. C. Moster,  
Director,  
Petroleum Branch.

XXXXX

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) <sup>clause (a)</sup> (iv) 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 C.I.C.).

Original Signed by H. C. Moster

H. C. Moster

bcm/et  
Attacks.

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

December 8, 1975

H. C. Moster  
Director  
Petroleum Branch

XXXXXX

Subject:

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

Background:

Manitoba Regulation 71/70 being The Oil and Natural Gas Conservation Board Unitization Order No. 8 pertaining to the Unitized Management Operation and Further Development of Routledge Unit No. 1 was approved by the Lieutenant Governor in Council (O.I.C. No. 406/70) and passed by the Board on March 23, 1970 and made effective May 1, 1970.

Subsections (2), (4) and (5) of Section 78 of The Mines Act apply.

Certain sections of the Plan For Unit Operation Governing The Unitized Management Operation And Further Development Of Routledge Unit No. 1 state as follows:

"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(k) 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)
- (k) Area, division 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. These costs include, but are not limited to the following:

- (i)
- (ii)
- (iii) Any other costs of operating the division and/or principal office of the Unit Operator.

The rates, which are subject to review annually, as set forth in paragraph (j) of Section 6.03 are as follows:

- (a) \$6,100 per month for all producing operations.
- (b)
- (c) ,"

Discussion:

The Unit presently includes:

86 oil wells (16 not produced in 1975)
1 water injection well
<u>4 SWD wells</u>
91 wells

The requested \$7,000 per month rate would equate to \$76 per well, confirming the Applicant's statement. The applicant's statement that the present flat rate of \$6,100 per month is the same as it was when the Unit was formed in 1970 is correct, but this rate presently equates to \$67 per well (91 wells) whereas in 1970 it equated to \$53 per well (100 wells), so there has been a \$14 per well increase even though the Unit flat rate has remain unchanged.

The 3 Consent Forms received represent 3 of the 16 Working Interest Owners effected, owning 88.30772 percent of the Participating Interest in the Unit (see Attachment).

Recommendation:

A hearing be held in accordance with Section 78(4) of The Mines Act.

Note: Possible questions for hearing would be same as those in Virden-Roselee Unit No. 1 memo plus question as to how many of the 13 Working Interest Owners whose consents were not obtained were requested and what reasons were given for not approving requested increase.

HGM/et  
Attach.

H. C. Moster

ROUTLEDGE UNIT NO. 1  
SCHEDULE "B"  
PRIMA FACIE WORKING INTEREST OWNERS AND THEIR  
PARTICIPATING INTEREST IN ROUTLEDGE UNIT NO. 1  
AS OF SEPTEMBER 1, 1974

Working Interest Owner

Participating Interest

Chevron Standard Limited	54.77844 ✓
Murphy Oil Company Ltd.	32.26483 ✓
H. L. & V. E. Berry	4.65303
G. A. Pierson	2.80655
Ben Ober	1.26445 ✓
F. R. Brown	0.99255
Mineraloid (Developments) Ltd.	0.62887
3 Sons Investments Ltd.	0.54632
H. J. Schlafly	0.46603
M. J. Post	0.40060
G. R. Arbuckle	0.32048
A. M. & V. M. Kerick	0.31700
I. Leavell	0.24036
P. Holsborg	0.16023
H. Holsborg	0.08013
S. Weill	<u>0.08013</u>
	100.00000

Chevron

**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 Routledge 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 Routledge 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 (k) (iii) (a) of the "Plan for Unit Operation Governing the Unitized Management Operation and Further Development of Routledge Unit No. 1", pursuant to Part VI, Clause 603 (j) of the "Plan" and Section 78 of The Mines Act, as follows:

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

"(a) \$7,000.00 per month for all producing operations  
effective January 1, 1976."

Chevron Standard Limited has reviewed the overhead rate and finds that the rapid escalation in wages necessitates an increase in the overhead rates. The present flat fee of \$6,100.00 per month equates to \$65.00 per well per month and has remained unchanged since the Unit became effective in 1970. The requested rate of \$7,000.00 per month equates to \$76.00 per well per month which is considerably below the current rates now charged in Alberta.

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.

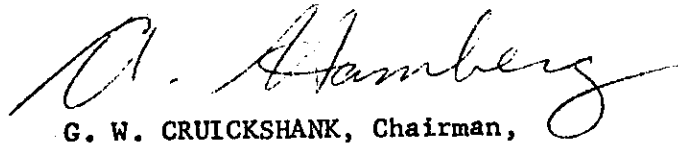


The Oil and Natural Gas Conservation Board

November 19, 1975

In support of this application we enclose Consent Forms executed by Working Interest Owners owning 88.30772 percent of the Participating Interest in the Routledge Unit No. 1.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "G. W. Cruickshank", is written over the typed name.

G. W. CRUICKSHANK, Chairman,  
Operating Committee.

November 25, 1975

Chevron Standard Limited  
400 - Fifth Avenue S. W.  
Calgary, Alberta  
T2P CL7

Attention: Mr. R. R. 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. Canley, 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 PETROLEUM ENERGY
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.

275



**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

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- 1 -

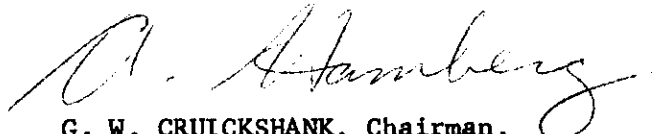
EXHIBIT NO. 5  
OIL & N. GAS CONSERVATION BOARD  
DATE MARCH 12/76  
HEARING.....

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 88.30772 percent of the Participating Interest in the Routledge Unit No. 1.

Respectfully submitted,

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

G. W. CRUICKSHANK, Chairman,  
Operating Committee.

	Initials	Date
Prepared By		
Approved By		

## Comparison of Overhead Rates

			\$ PER MONTH	NO. OF WELLS	RATE PER WELL	OPERATOR
Varden Rosella #1	MAN		6000	90	67.00	CHEVRON
✓	✓	#2	✓	54	74.00	✓
✓	✓	#3	✓	105	68.00	✓
Roselodge #1	✓		7000	92	76.00	✓
Daly #3	✓		5000	80	62.00	✓
N. Varden Scallion #1	✓	*		211	54.00	✓
North Pembina C. Unit #1 - Alberta			35000	470	75.00	Michels
Mitsue - Alberta			15420	161	96.00	Chenon
Mipsi - Alberta			16500	175	94.00	Amoco
Goffe D 2 - Alberta *			-	125	85.00	Imperial
Weyburn - Sask			34000	650	52.00	Pan Canadian

\* Rates per well per month

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