



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 Virden-Roselea 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 Virden-Roselea 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 Virden-Roselea 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 (k) (iii) and substituting therefor:

"(a) \$6,000.00 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 \$5,250.00 per month equates to \$59.00 per well per month. Although the flat fee rate was increased in 1968 with enlargement of the Unit the fee on a per well basis has remained unchanged since the Unit became effective in 1965. The requested rate of \$6,000.00 per month equates to \$67.00 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 94.40320 percent of the Participating Interest in the Virden-Roselea Unit No. 1.

Respectfully submitted,


G. W. CRUICKSHANK, Chairman,
Operating Committee.

MICROFILMED

TO

HERE...

June/19

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. G. 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.C2 of both Unit Agreements states that:

"6.C2 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-Roselee 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 Roselee Unit] or more of the total voting interest."

North Virden Scallion Unit No. 1 and Virden-Roselee 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.C6 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-Roselee 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.C6 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
Attache.

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

76 04 26

H. C. Koster,
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) (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. G. Moster

hcm/et
Attachments.

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

COPY

MAY 4 1976

Jas. T. Cavley, 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

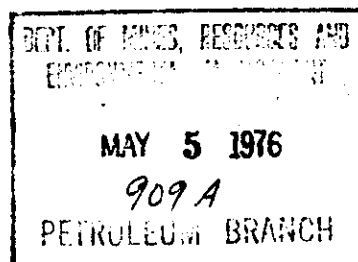
The Board recommends your approval, by your signature, on the attached Unitization Orders which incorporate the changes and amend previous Unitization Orders.

ORIGINAL SIGNED BY

Jas. T. Cavley, P. Eng.

JSR/gls
Att(s).

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



DEPARTMENT OF MINES, RESOURCES AND ENVIRONMENTAL MANAGEMENT

ROUTE SLIP

TO J.A. T. CAWLEY	FROM HC Master
TO	FROM

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> For your approval or revision | <input type="checkbox"/> Reply direct with copy to me | <input type="checkbox"/> Please sign |
| <input type="checkbox"/> For your information | <input type="checkbox"/> Please supply data for my reply | <input type="checkbox"/> Please return |
| <input type="checkbox"/> Please take action | <input type="checkbox"/> Return with comments and/or recommendations | <input type="checkbox"/> Please see me |
| <input type="checkbox"/> Extracts of minutes for your information and action | <input type="checkbox"/> Investigate and report | <input type="checkbox"/> Please phone |
| <input type="checkbox"/> Please draft reply for signature of | | |

Date **MAR. 3/76** Subject **O+NG Cons. Bd. Hearing "MARCH 12/76"**

Message

Returned

March 9/76

HC Master



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

EXHIBIT NO. 2
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 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

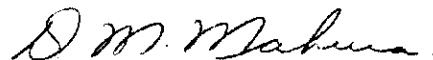
It is Unit Operator's opinion that the Virden-Roselea Unit No. 1 is approaching the stage in its production life where very little of a contentious nature will occur. While it has not been too difficult to obtain a quorum for the annual meeting as in the case of another unit it is anticipated that in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

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

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:

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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,

A handwritten signature in dark ink, appearing to read "G. W. Cruickshank". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

G. W. CRUICKSHANK, Chairman,
Operating Committee.

Province of Manitoba

inter-departmental memo

To:

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

Date 76 03 02

From H. C. Moster
Director
Petroleum Branch

Subject:

Subject:

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

Department of Mines, Resources
& Energy
Mineral Resources Branch

MAR 8 1976

ASSISTANT DEPUTY MINISTER

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 Organization 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.

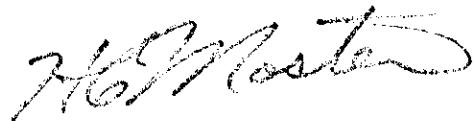
The Applicant has requested these two (2) applications be heard at the public hearing to be held on March 12, 1976. Consents from the Working Interest Owners shall be filed with the Board at that time or as soon as possible thereafter.

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 affected.



H. G. Moster

HCM/et
Attachs.

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

December 3, 1975

H. C. Mosier
Director
Petroleum Branch

XXXXX

Subject:

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

Background:

Manitoba Regulation 58/65 being The Oil and Natural Gas Conservation Board Unitization Order No. 3 pertaining to The Unitized Management Operation and Further Development of Virden-Roselea Unit No. 1 was approved by the Lieutenant Governor in Council (O.I.C. No. 975/65) and passed by the Board on June 17, 1965 and made effective July 1, 1965.

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 Virden-Roselea 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) 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. 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) \$4,500.00 per month for all producing operations.
- (b)
- (c) ."

The above rate was increased to "\$5,000.00 per month" in April 1967 (Manitoba Regulation 51/67) and to "\$5,250.00 per month" in August 1968 (Manitoba Regulation 130/68).

Discussion:

The Applicant's statement that the requested \$6,000 per month equates to \$67 per well per month would indicate there are 89.6 wells in the Unit. This is confirmed as the Unit presently includes:

69 oil wells (7 not produced in 1975)
19 water injection wells
1 water supply well
89 wells

Thus the Applicant's statement that the fee on a per well basis has remained unchanged since the Unit became effective in 1965 is correct. The requested increase is equal to a 13.5 percent increase.

1966 :
77 wells @ \$4500 = \$58.44/well
..... 3

If above 7 suspended wells were not included, the requested charge would average out at \$73 per well per month.

The 8 Consent Forms received represent 8 of the 14 Working Interest Owners affect, owning 94,40320 percent of the Participating Interest in the Units (see Attachment).

Recommendation:

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

Possible Questions For Hearing:

1. With the charge being on a unit basis, and not on a per well basis, what are the possibilities that the number of wells in the Unit may decrease more rapidly than inflationary costs increase, so that the charge correlated to a per well basis may be excessive.
2. What are the present equivalent rates in Alberta? (is the requested charge "considerably lower" than Alberta's).

HCM/et
Attech.

H. C. Moster

VIRDEN-ROSELEA UNIT NO. 1
SCHEDULE "B"

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

<u>Working Interest Owner</u>	<u>Percent Participating Interest</u>
Canadian Export Gas & Oil Ltd.	19.22893 ✓
Chevron Standard Limited	63.91871 ✓
Francana Oil & Gas Ltd.	0.43205 - ✓
Frazier, C. M.	0.70589 ·
Frontenac Petroleum Co. Ltd.	2.80736 ·
K & N Oil Development Co. Ltd.	0.29339 ·
Lochiel Exploration Ltd.	0.43204 ·
Murphy Oil Company Ltd.	0.94070 ✓
North West Exploration Company Ltd.	0.09215 ✓
Prairie Oil Royalties Company, Ltd.	0.94070 ✓
Shannon Oils Ltd.	0.06198 ·
Sun Oil Company Limited	3.33476 ✓
Teck Corporation Limited	5.51520 ✓
3 Sons Investments Ltd.	<u>1.29614 ·</u>
	100.00000



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 Virden-Roselea 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 Virden-Roselea 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 Virden-Roselea 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 (k) (iii) and substituting therefor:

"(a) \$6,000.00 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 \$5,250.00 per month equates to \$59.00 per well per month. Although the flat fee rate was increased in 1968 with enlargement of the Unit the fee on a per well basis has remained unchanged since the Unit became effective in 1965. The requested rate of \$6,000.00 per month equates to \$67.00 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 94.40320 percent of the Participating Interest in the Virden-Roselea 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.



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

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 MINERAL RESOURCES DIVISION
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

November 25, 1975

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

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. Galloway, Chairman
J. S. Roper, Deputy Chairman
I. Haugh, Member

Prepared By	Date
Approved By	

Comparison of Overhead Rates

			\$ PER MONTH	NO. OF WELLS	\$ RATE PER WELL	OPERATOR	3
Varden Roselea	#1	MAN	6000	90	67.00	CHEVRON	4
✓	✓	#2	✓	4000	54	74.00	✓
✓	✓	#3	✓	7200	105	68.00	✓
Routledge	#1	✓	7000	92	76.00	✓	10
Daly	#3	✓	5000	80	62.00	✓	12
N. Varden Scallion	#1	✓ *		211	54.00	✓	14
North Pembina C. Unit	#1 - Alberta		35000	470	75.00	Mobil	16
Mitauk	- Alberta		15420	161	96.00	Kerman	18
Musisi	- Alberta		16500	175	94.00	Amoco	20
Joppe D-2	- Alberta *		-	125	85.00	Imperial	22
Weyburn	- Sask		34000	650	52.00	PanCanadian	24

* Rates per well per month

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



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 Virden-Roselea 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 Virden-Roselea 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 Virden-Roselea 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 (k) (iii) and substituting therefor:

"(a) \$6,000.00 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 \$5,250.00 per month equates to \$59.00 per well per month. Although the flat fee rate was increased in 1968 with enlargement of the Unit the fee on a per well basis has remained unchanged since the Unit became effective in 1965. The requested rate of \$6,000.00 per month equates to \$67.00 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.

- 1 -

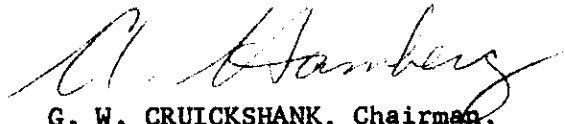
EXHIBIT NO. 2
OIL & N. GAS CONSERVATION BOARD
DATE MARCH 12/76
HEARING.....

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 94.40320 percent of the Participating Interest in the Virden-Roselea Unit No. 1.

Respectfully submitted,



G. W. CRUICKSHANK, Chairman,
Operating Committee.