

June 5, 1970.

Mr. F. S. Gamey,
Reservoir Engineer.

COPY

Mr. M. J. Gobert,
Assistant Deputy Minister.

The Oil and Natural Gas Conservation Board -

Board Order No. 52A.

SUBJECT:

The Oil and Natural Gas Conservation Board Order No. 52A.
Pertaining to the maximum rate of production in the
North Virden Scallion Field.

EXPLANATION:

Chevron Standard Limited made application to the Board to
have two wells presently operating in the North Virden
Scallion Unit No. 1 and one well offsetting Unit production,
exempt from the field allowable of 70 barrels of oil per
day.

A Hearing was held March 19, 1970, at Virden to consider
this application. There has been no objection made by any
operators or royalty owners in the immediate area concerning
this application.

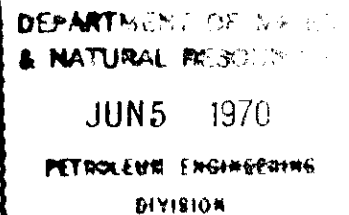
It was shown that the wells listed in the Order are capable
of high fluid withdrawal rates because of natural water
encroachment in the reservoir.

By exempting the wells from production allowables, high
fluid pumping operations will permit the maximum recovery
of oil. This would reduce the possibility of oil migrating
across the Unit boundary and vice versa.

F. S. Gamey
F. S. Gamey.

FSG:db

Mr. M. J. Gobert,
Assistant Deputy Minister.





CHEVRON STANDARD LIMITED

400 FIFTH AVENUE S.W., CALGARY 1, ALBERTA

January 30, 1970

The Oil and Natural Gas Conservation Board
Department of Mines and Natural Resources
901 Norquay Building
401 York Avenue
Winnipeg 1, Manitoba

EXHIBIT NO. 15
OIL & GAS CONSERVATION BOARD

DATE March 19/1970

HEARD BY 2. E. 6

Attention: Mr. W. W. Mair, Chairman

Gentlemen:

On July 22, 1969 Chevron Standard Limited made application for the waiver of daily allowables for the wells Calstan Scallion 14-16-11-26 and Calstan Scallion 3-21-11-26. This request for exemption from the provisions of Order No. 14A was denied.

Inasmuch as Chevron Standard Limited has recently completed a review of a representative number of high fluid volume withdrawal installations in the area with the conclusion that there is no evidence or indication that the high withdrawals are detrimental to either current production or anticipated ultimate recovery, at either the well being subjected to high volume withdrawals or to the direct offsets of such well, Chevron Standard Limited hereby, on behalf of itself, makes application for the well known as Chevron Scallion 14-16-11-26 in Lsd. 14, Sec. 16, Twp. 11, Rge. 26, WPM, and, as Unit Operator, on behalf of the Working Interest Owners of the North Virden-Scallion Unit No. 1, for the wells known as Chevron Scallion Prov. 15-16-11-26 in Lsd. 15, Sec. 16, Twp. 11, Rge. 26, WPM, and Chevron Scallion 3-21-11-26 in Lsd. 3, Sec. 21, Twp. 11, Rge. 26, WPM, for exemption from the provisions of Order No. 14A pertaining to the maximum rate of production in the North Virden-Scallion Field. The locations of the subject wells are shown on the attached Figure 1.

A report entitled "Review of High Volume Fluid Withdrawals, North Virden-Scallion Unit No. 1" is submitted in support of this application. Figures 2, 3 and 4 present the production plots for the three subject wells, namely Chevron Scallion 14-16-11-26, Chevron Scallion Prov. 15-16-11-26, and Chevron Scallion 3-21-11-26, respectively, which indicate that these wells are capable of producing at high fluid rates.

In addition, the following information is submitted in support of this application:

1. The subject wells are capable of producing at high fluid rates because of an active water drive, 14-16-11-26 from natural water encroachment, and 15-16-11-26 and 3-21-11-26 from a combination of water injection and

January 30, 1970

natural water encroachment.

2. Removal of production restrictions would reduce the possibility of oil migration across the Unit boundary. With existing restrictions, Unit oil might be driven outside the Unit boundary, or non-Unit oil might be driven inside the Unit boundary. In either situation, oil may be driven into areas from which it will not be recovered.
3. Experience indicates that maximum oil recovery is realized by recovery at first line producing wells. There is no assurance that oil which has migrated past a well will be fully recovered at another well.
4. Most of the wells in the North Virden-Scallion Field are being produced at reservoir capacity with no indications of adverse effects.
5. High volume withdrawals from the subject wells will both accelerate current production and extend the economic life of the wells. Maintenance and replacement costs of battery and flowline facilities could result in the premature suspension of operations if the wells are produced in the conventional manner. High volume pumping however will allow the maintenance and replacement of such equipment economically, and thus extend the economic life of the wells.

If you require any additional information, please contact Mr. P. Pisio at the above letterhead address.

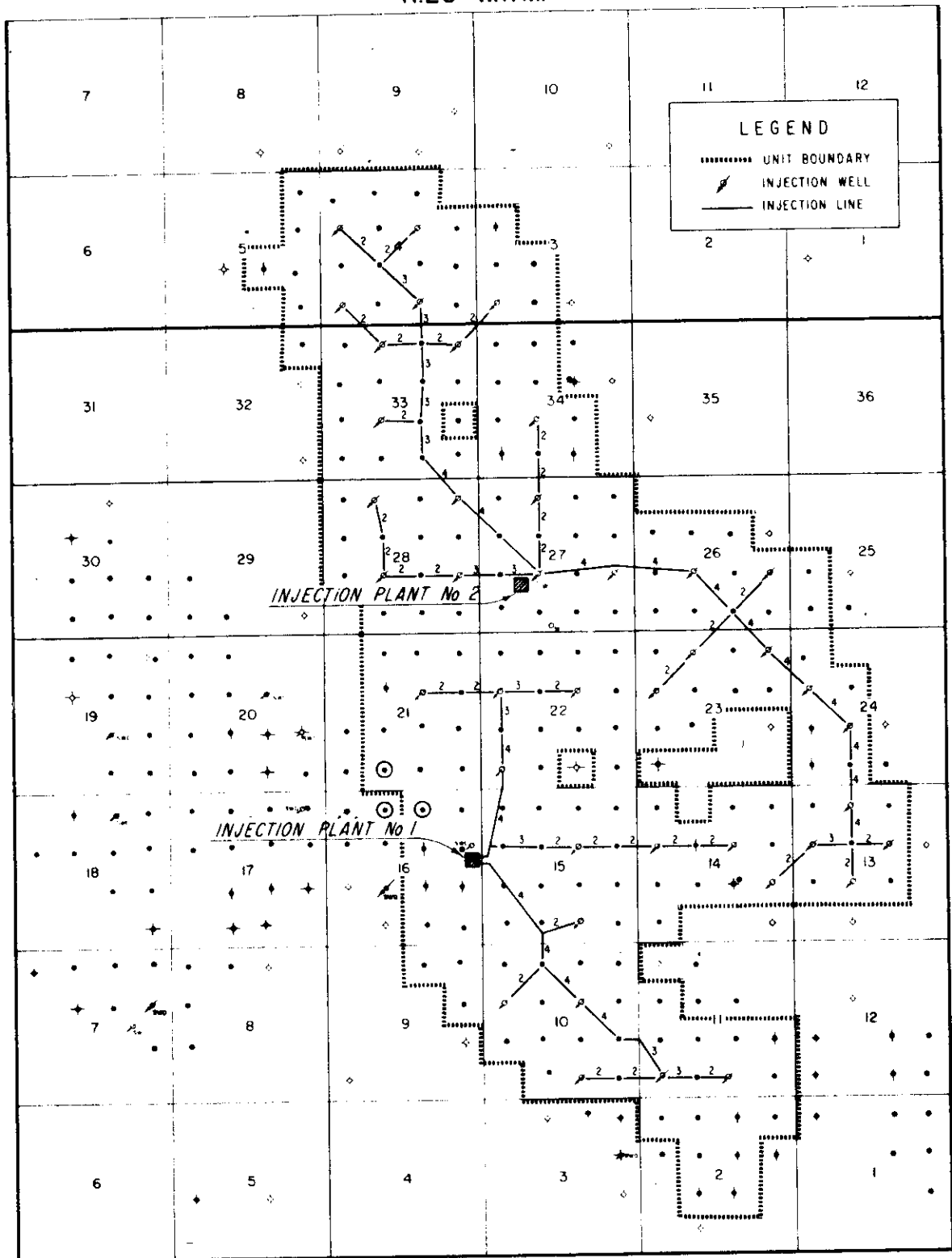
Yours very truly,

for *Pisio* P. ENG.
J. G. TROWELL
Division Superintendent
Producing Department
Calgary Division

PP/cs
Attachs.

R.26 W.P.M.

T.12



T.11

⊙ WAIVER OF PRODUCTION RESTRICTIONS APPLIED FOR.

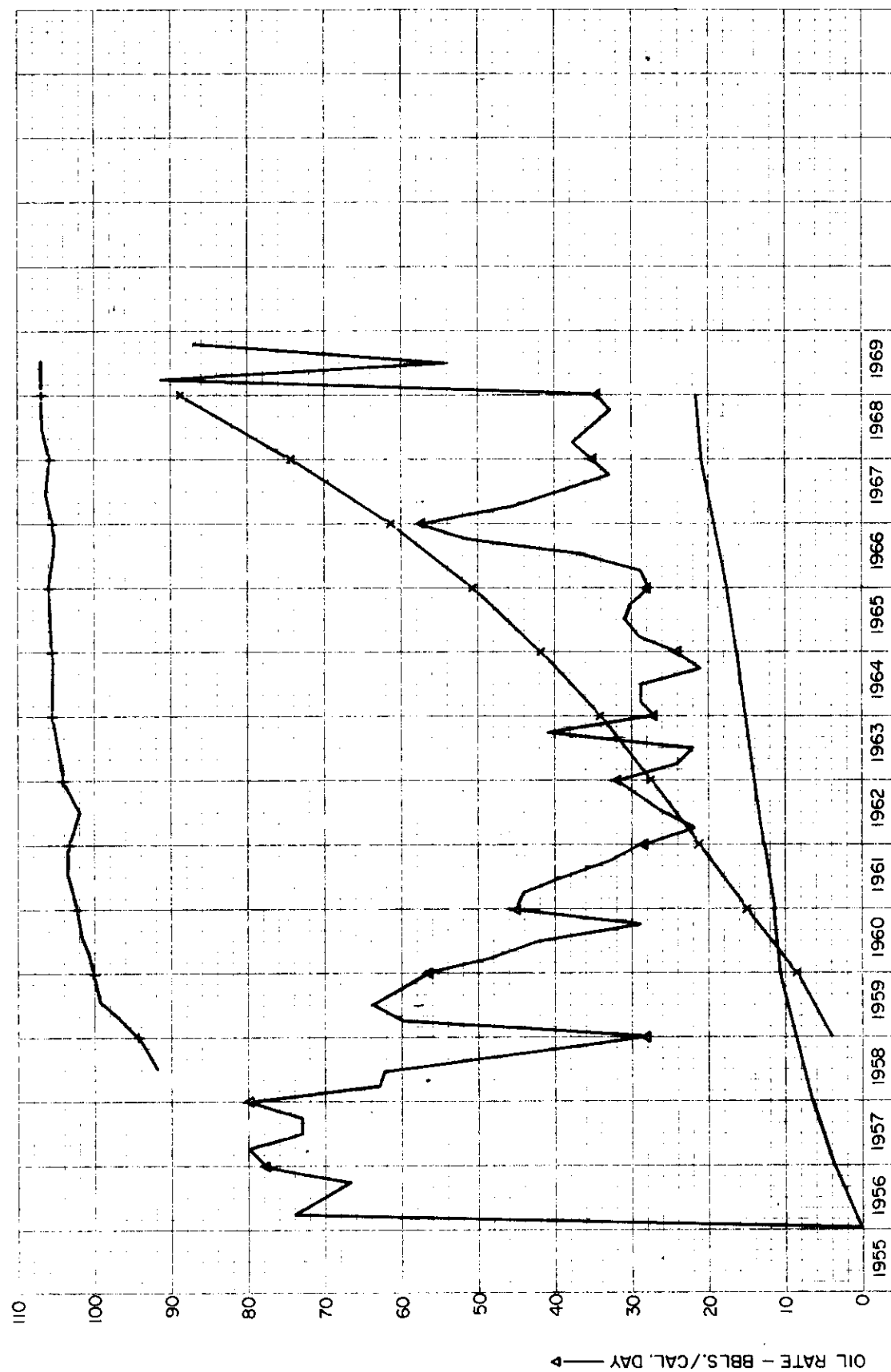
FIGURE 1

NORTH VIRDEN SCALLION UNIT No.1

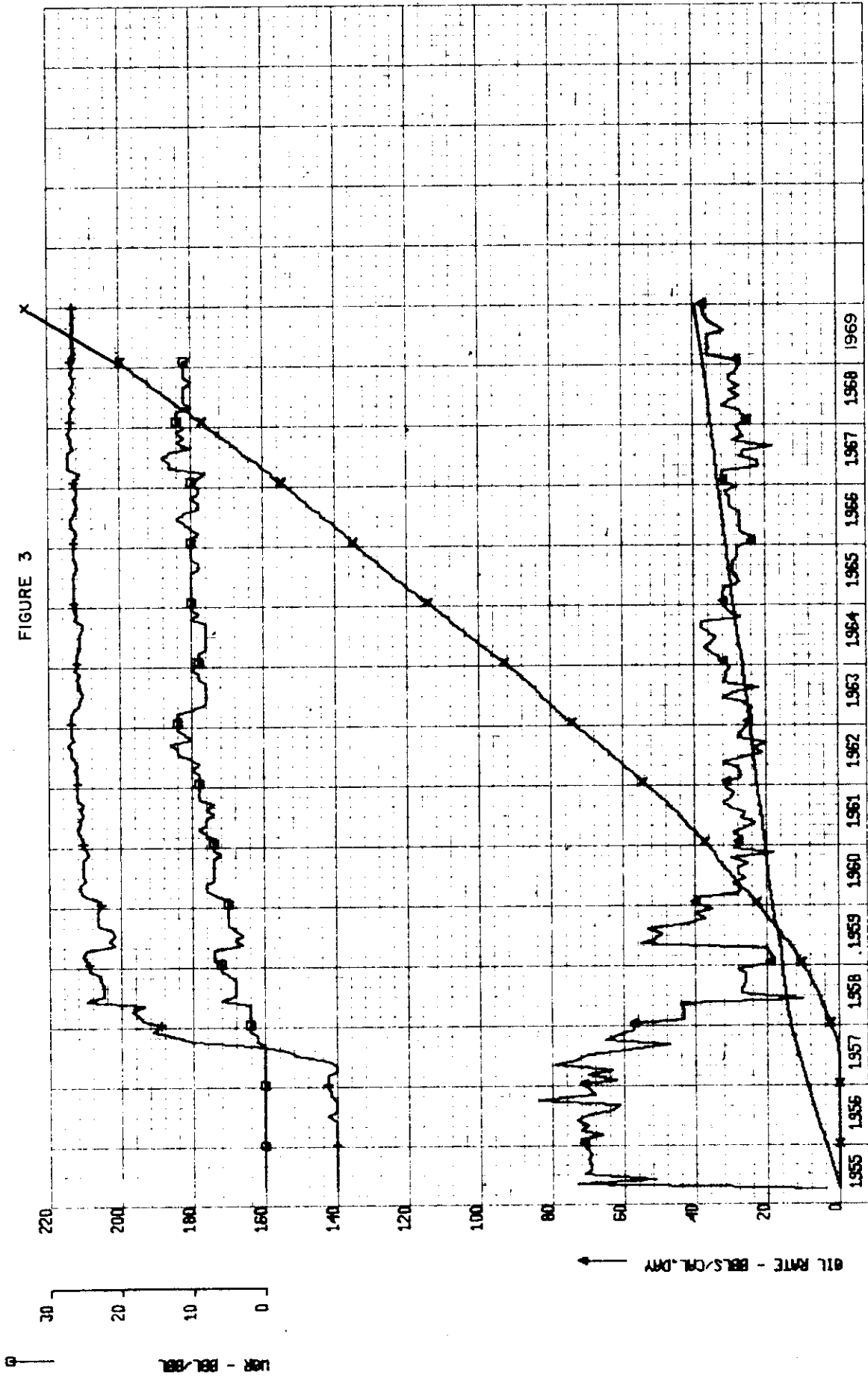
SCALE IN MILES
0 1 2

N. V. SCALLION UNIT 14-16-11-26-W1M

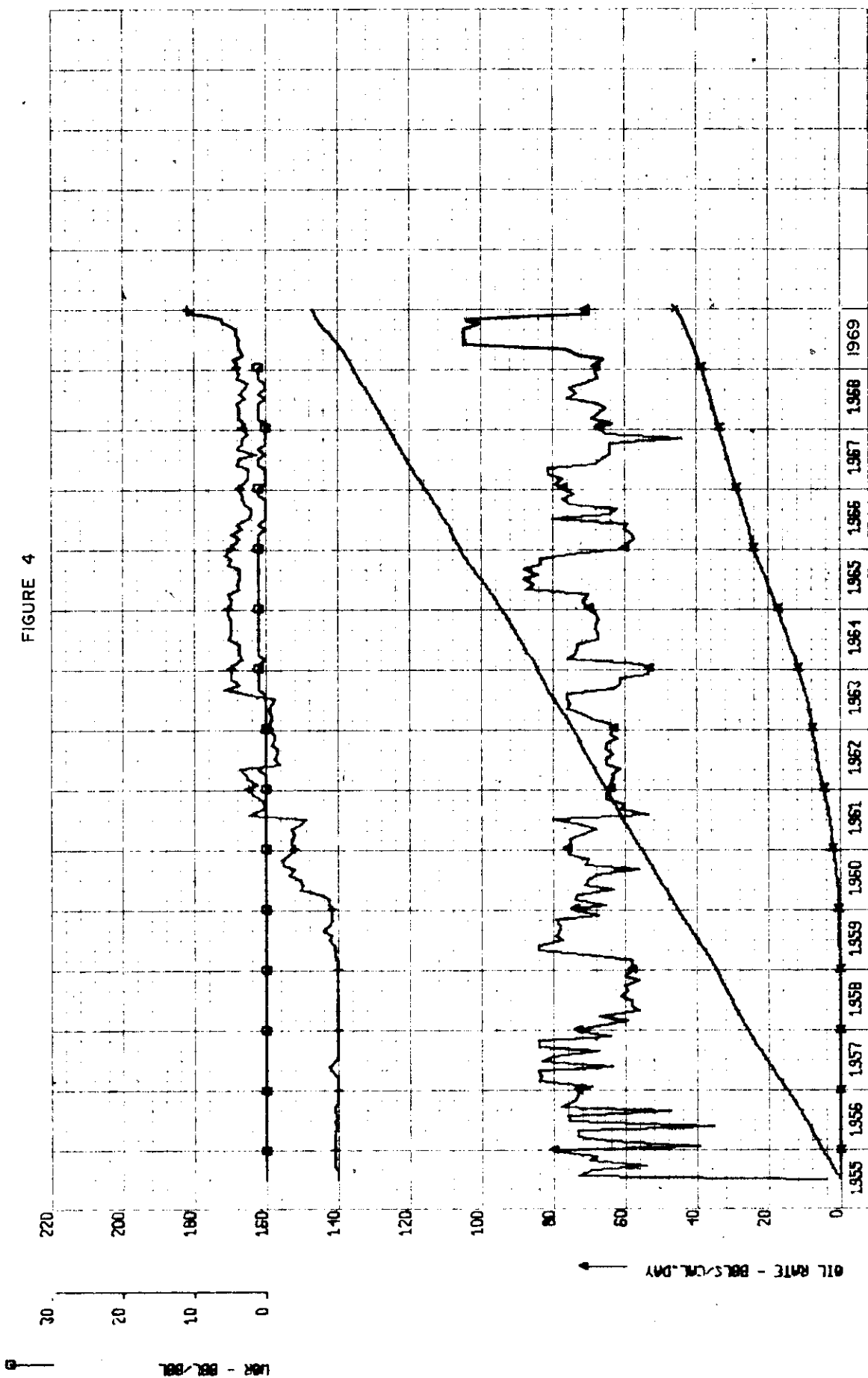
FIGURE 2



N.U. SCALLION UNIT
15-16-011-26-W1



N.O. SCALLION UNIT 03-21-011-26-W1



REVIEW OF HIGH VOLUME FLUID WITHDRAWALS
NORTH VIRDEN-SCALLION UNIT NO. 1

Several wells in the North Virden-Scallion Unit No. 1 area are subjected to fluid withdrawal rates exceeding 100 barrels of oil per day, 1,000 barrels of fluid per day, or both. Figure 1 attached indicates the location of these high fluid withdrawal wells.

To confirm that high volume fluid withdrawals have not and will not adversely affect the producing characteristics and ultimate recovery of oil at wells producing at high rates, or to adjacent producing wells, a representative number of high volume operations were reviewed. The following three different high volume producing situations were considered.

Case A: The high volume well is offset directly by one injection well with other injection being distant. The subject well is directly offset by other producing wells. The example case considered was 1-21-11-26.

Case B: The high volume well is offset directly by more than one injection well. The subject well is directly offset by other producing wells. The example case considered was 9-14-11-26.

Case C: The high volume well is offset by distant injection and is influenced by natural water encroachment. The well is directly offset by other producing wells. The example cases considered were 5-15-11-26 and 9-16-11-26.

Cases A and B are representative of producing wells within the framework of the injection system. Case C is deemed to be representative of those potential

high volume withdrawal wells offsetting the Unit boundary on the west flank where the high volume potential is primarily attributable to natural water encroachment.

The following types of production plots were reviewed for each of the four example cases:

- (a) high volume well (entire production history)
- (b) individual directly offsetting producers (entire production history)
- (c) group plot of all producers offsetting the high volume well for the period 1963 to 1969, inclusive.

A copy of the above production plots for each of the example cases is attached hereto. (See Figures 2 to 32.)

The following are conclusions drawn from the review of the various production plots:

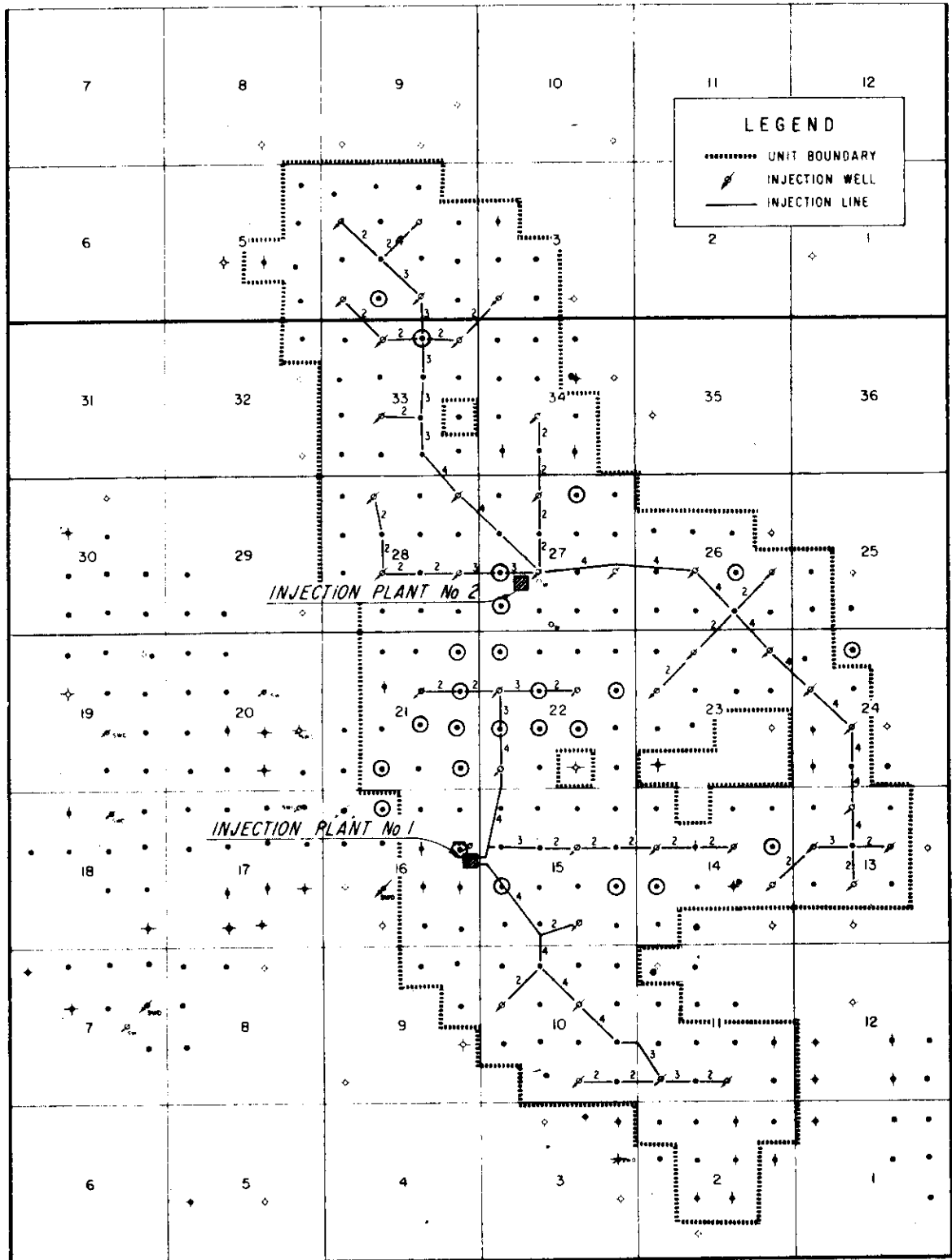
1. There is no indication that high volume withdrawals have had any, or will have any, detrimental effects on the production characteristics of the well exposed to high fluid withdrawals.
2. High volume withdrawals have had no adverse effect on the producing characteristics of the wells in close proximity to wells being produced at high rates.
3. There is no evidence or indication of the ultimate recovery at the high volume wells, or wells in close proximity to high volume wells, being influenced adversely by high volume withdrawals. The recovery to date for

the example case areas considered is higher than the overall Unit recovery to date. Indications are that this trend will continue.

4. There is no sound technical reason why production within the Unit area should be restricted at any Unit well or, at non-Unit wells where they are obviously producing under the influence of a strong natural water drive.

R.26 W.P.M.

T.12



T.11

FIGURE 1
NORTH VIRDEN SCALLION UNIT No.1
HIGH FLUID WITHDRAWAL WELLS

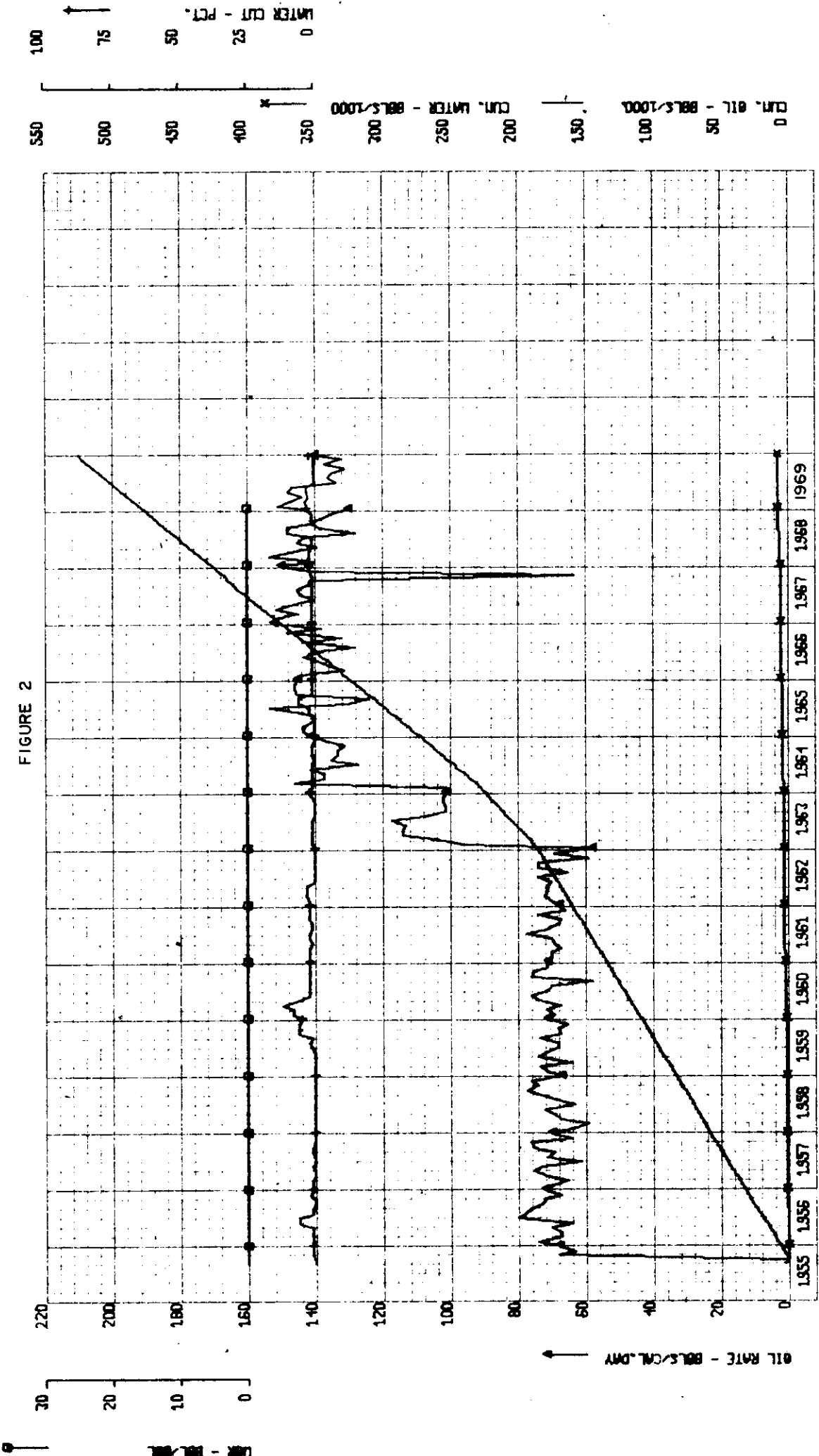


CASE A - EXAMPLE CASE LSD. 1-21-11-26

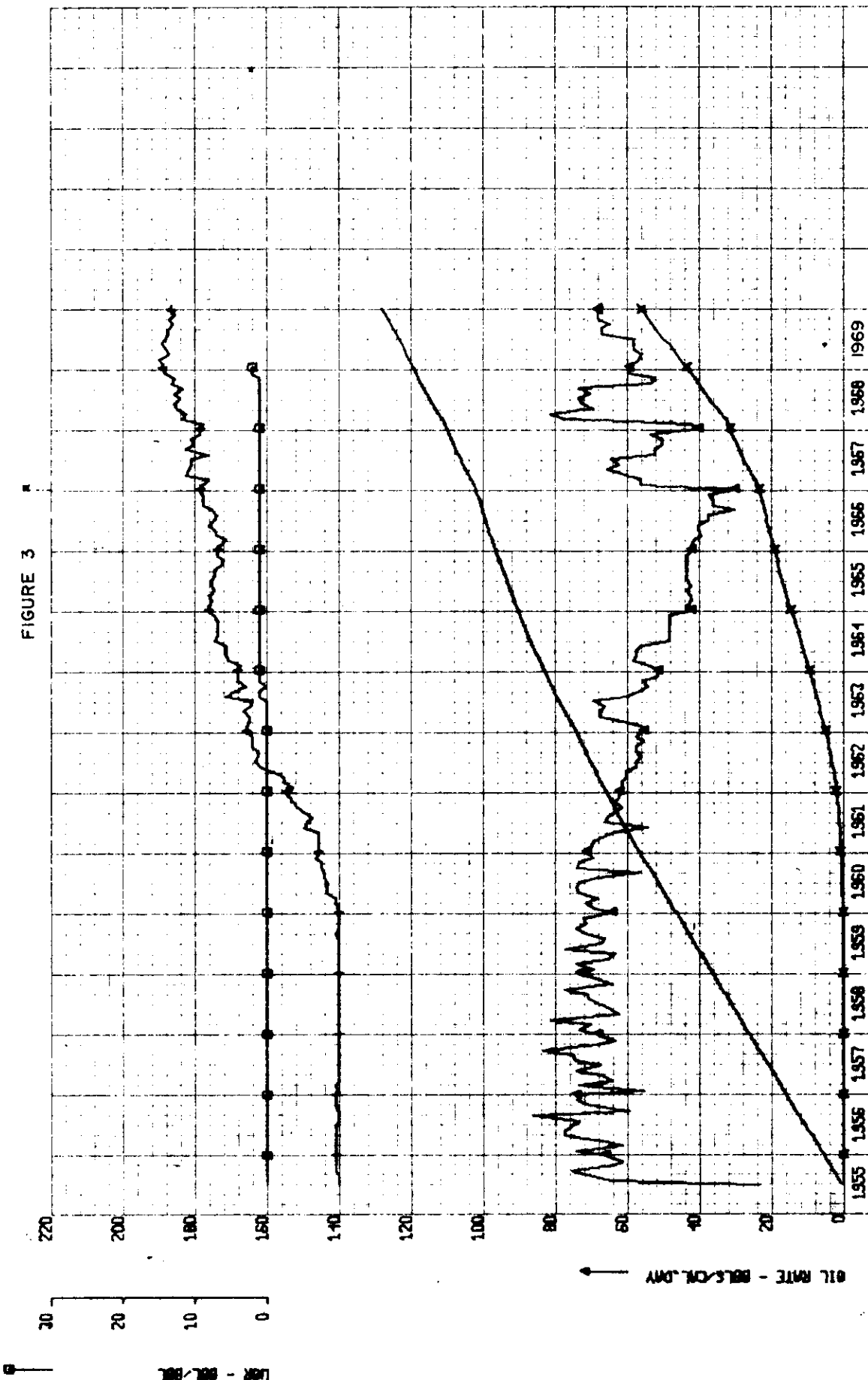
- Figure 2 - Lsd. 1-21-11-26 - high volume producer
- Figure 3 - Lsd. 2-21-11-26
- Figure 4 - Lsd. 7-21-11-26
- Figure 5 - Lsd. 8-21-11-26
- Figure 6 - Lsd. 5-22-11-26
- Figure 7 - Lsd. 13-15-11-26
- Figure 8 - Lsd. 15-16-11-26
- Figure 9 - Lsd. 16-16-11-26
- Figure 10 - Composite of Figure Nos. 3 to 9 inclusive

N.U. SCALLION UNIT 01-21-011-26-W1

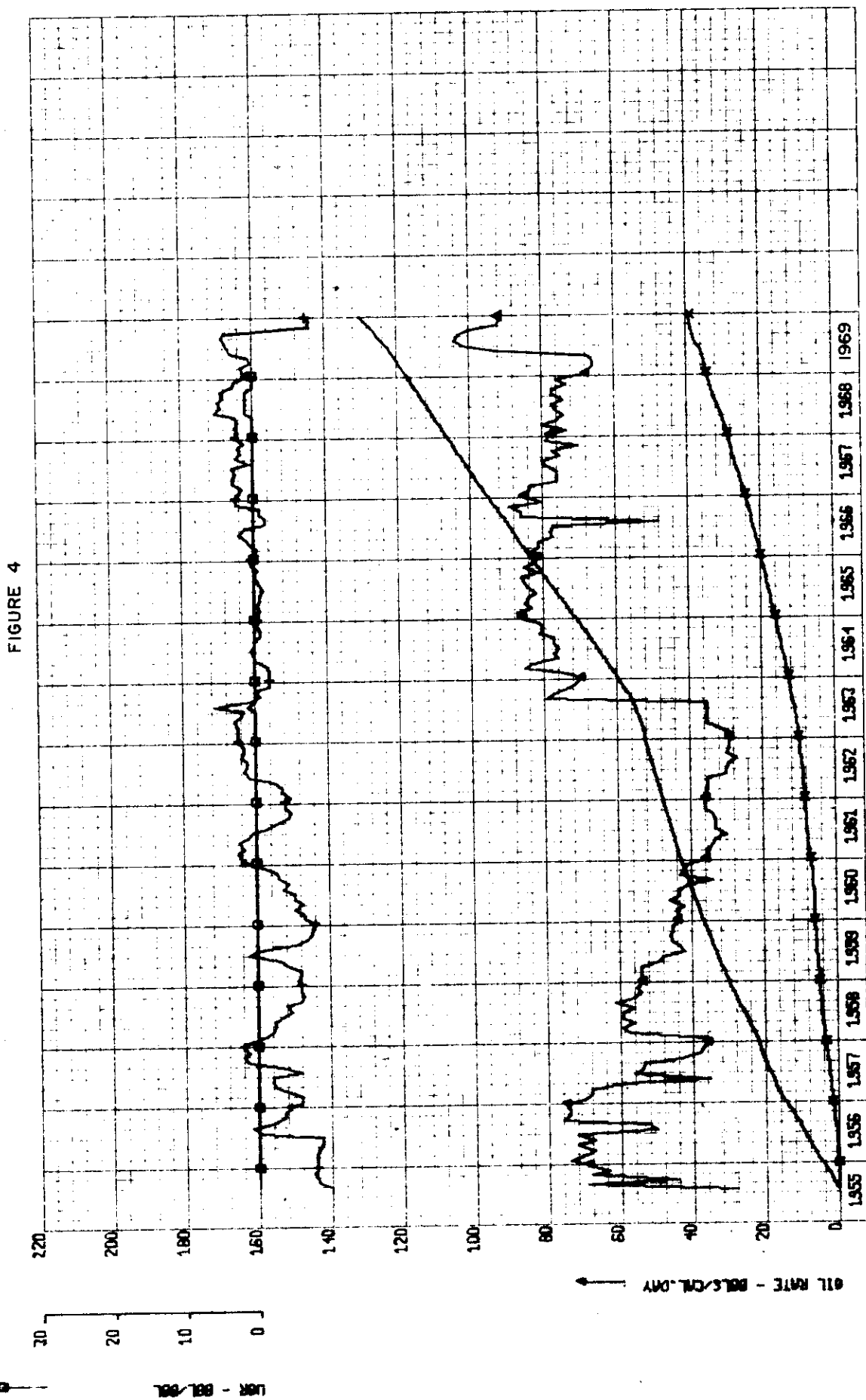
FIGURE 2



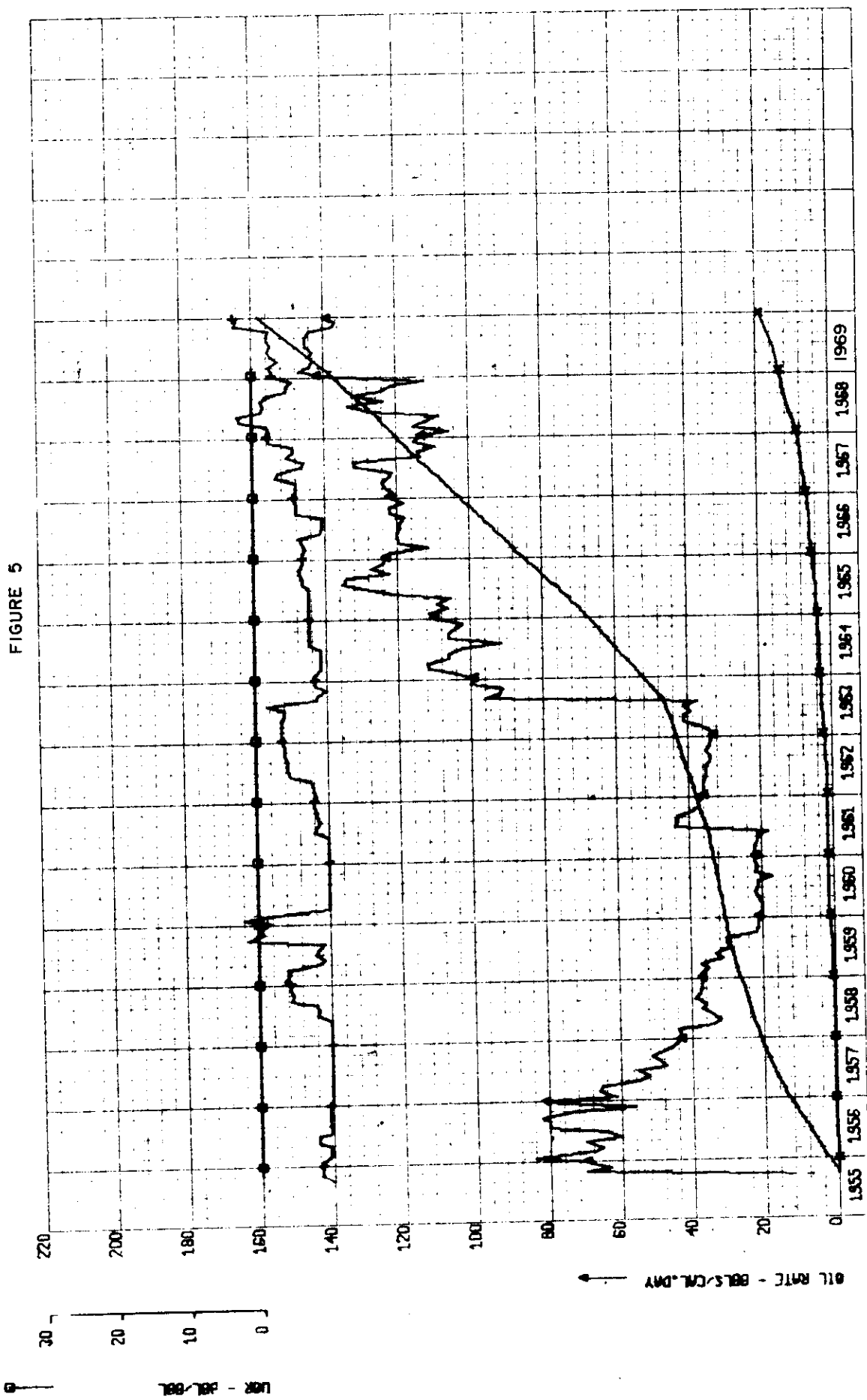
N.V. SCALLION UNIT 02-21-011-26-W1



N.J. SCALLION UNIT 07-21-011-26-W1

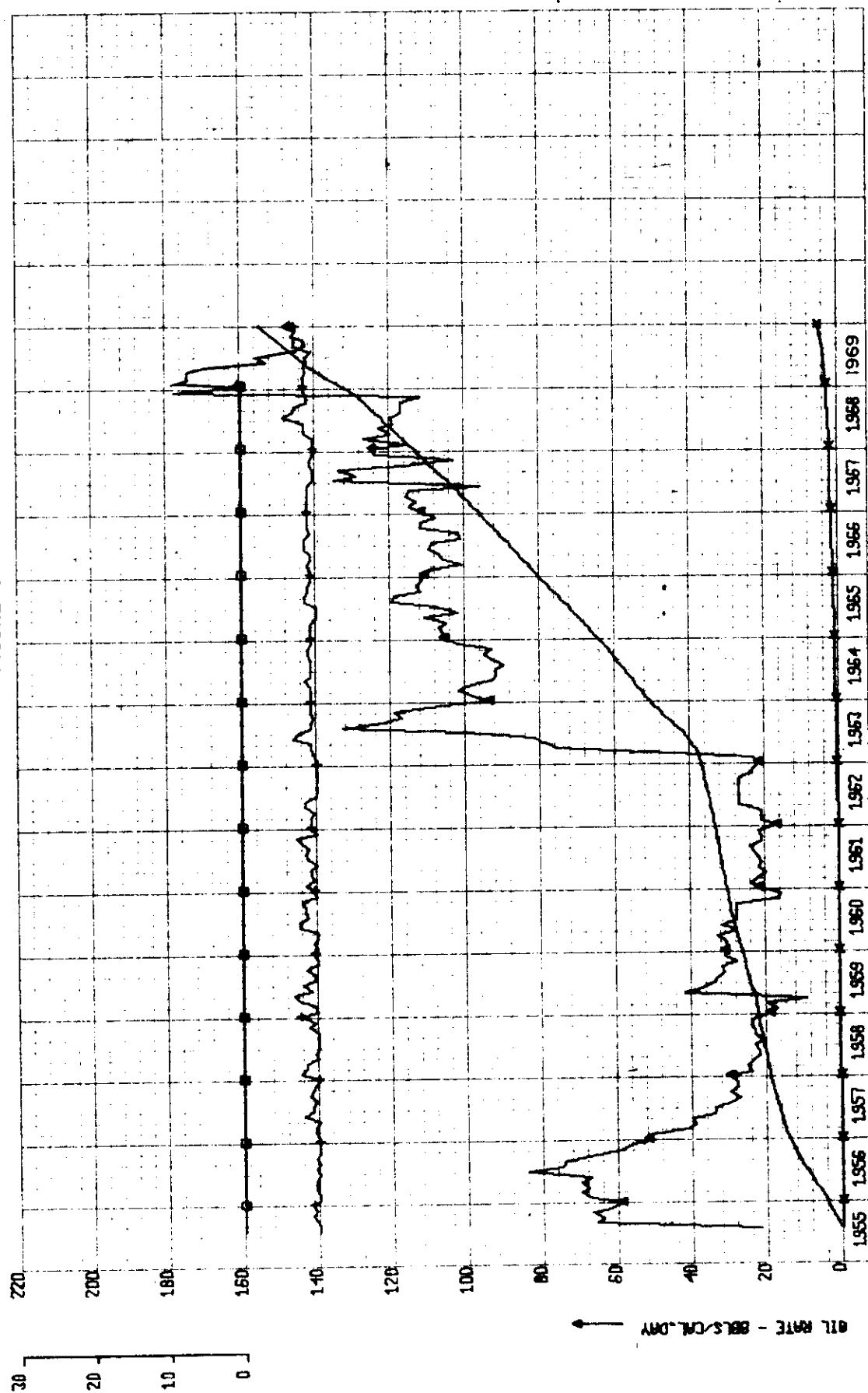


N.U. SCALLION UNIT 08-21-011-26-W1



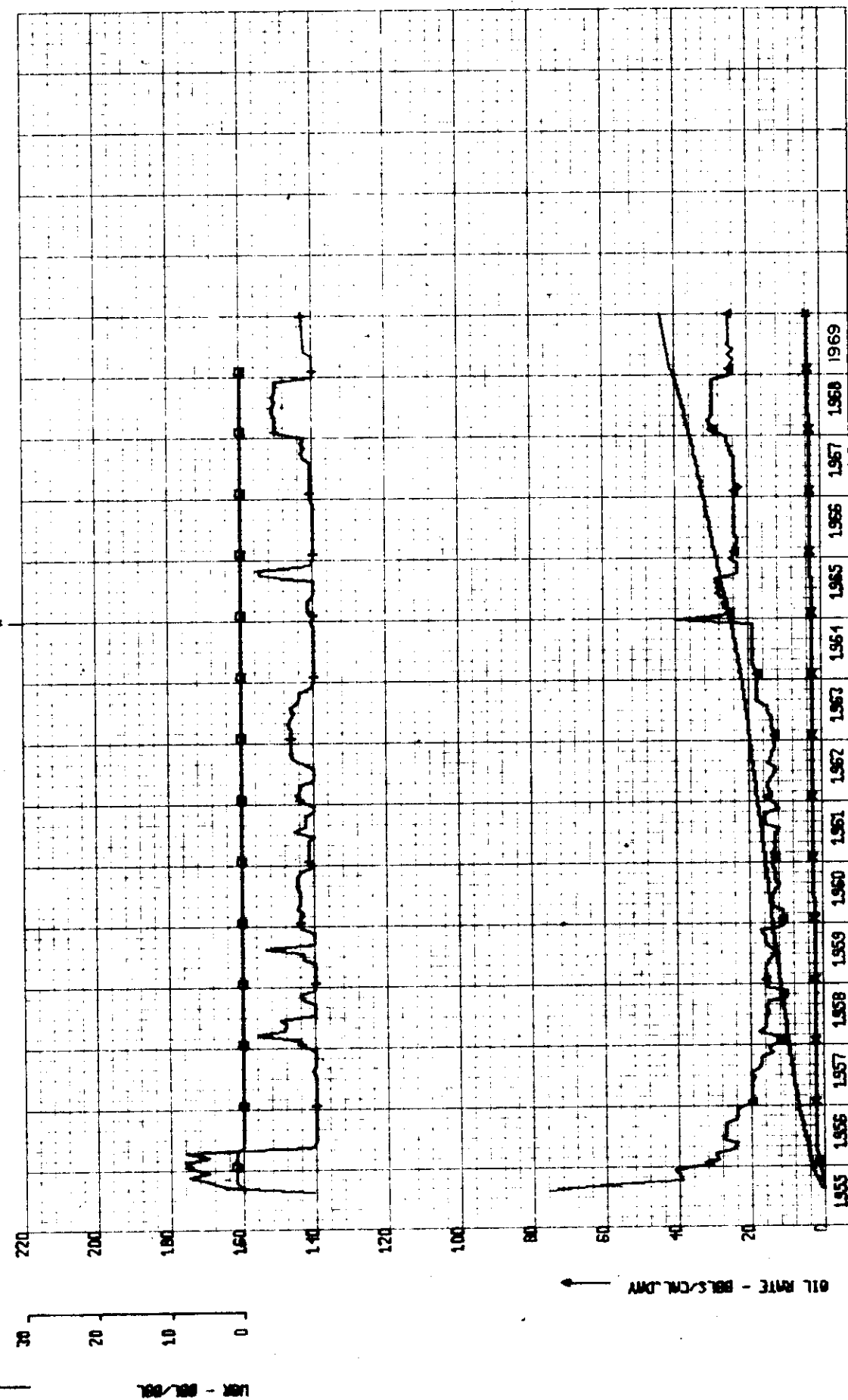
N.V. SCALLION UNIT 05-22-011-26-W1

FIGURE 6

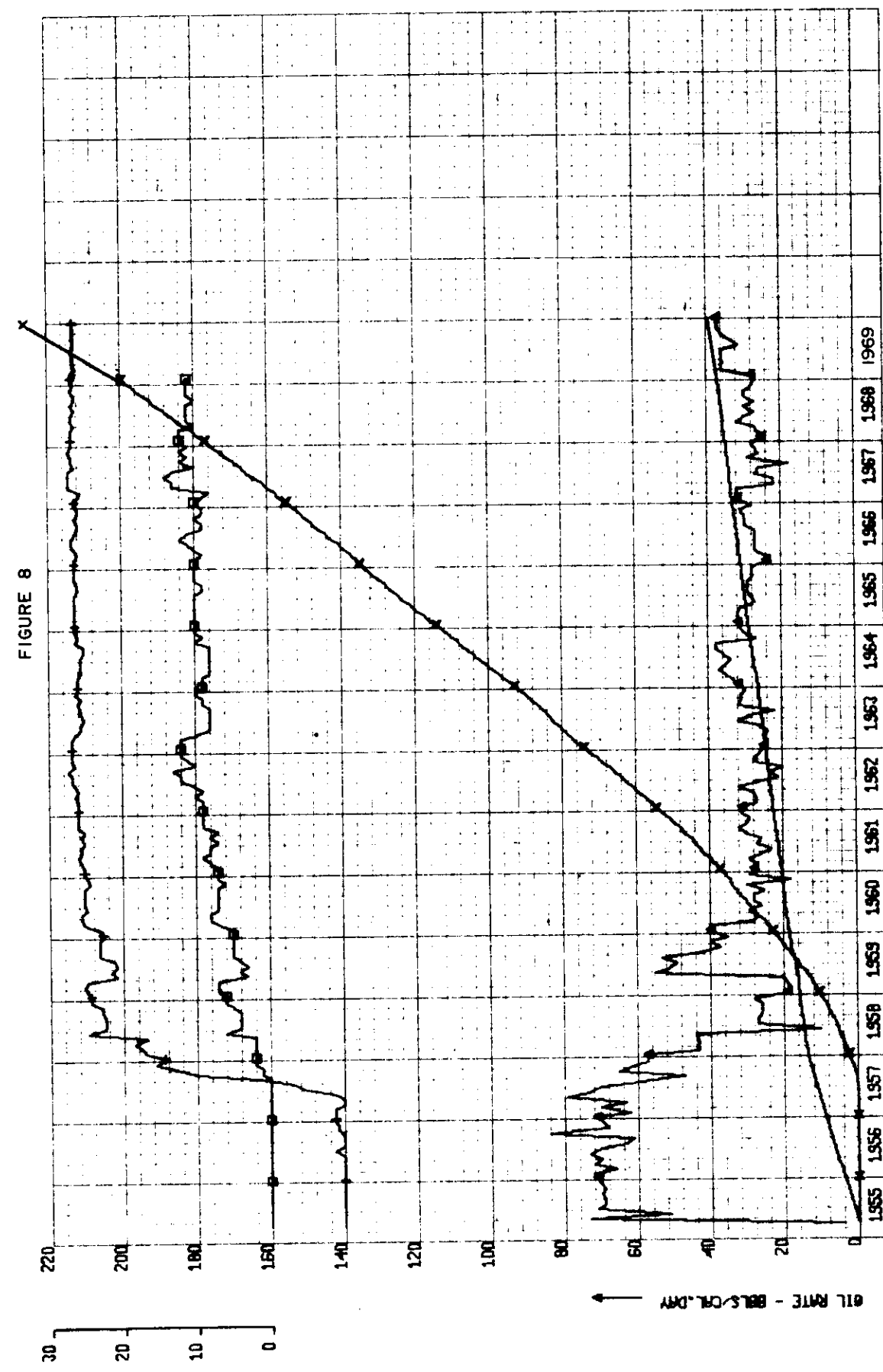


N.U. SCALLION UNIT 13-15-011-26-W1

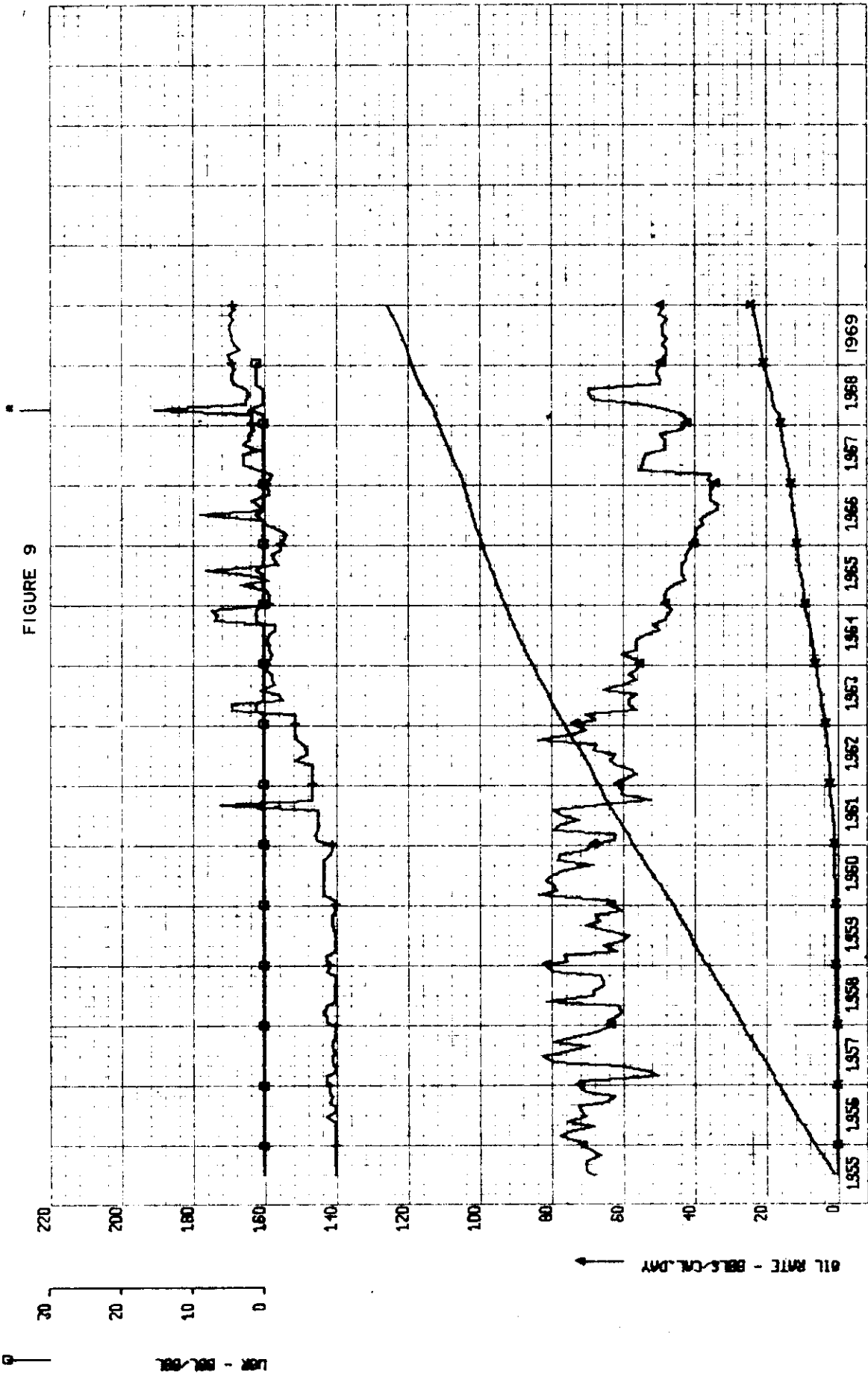
FIGURE 7



N.V. SCALLION UNIT 15-16-011-26-W1

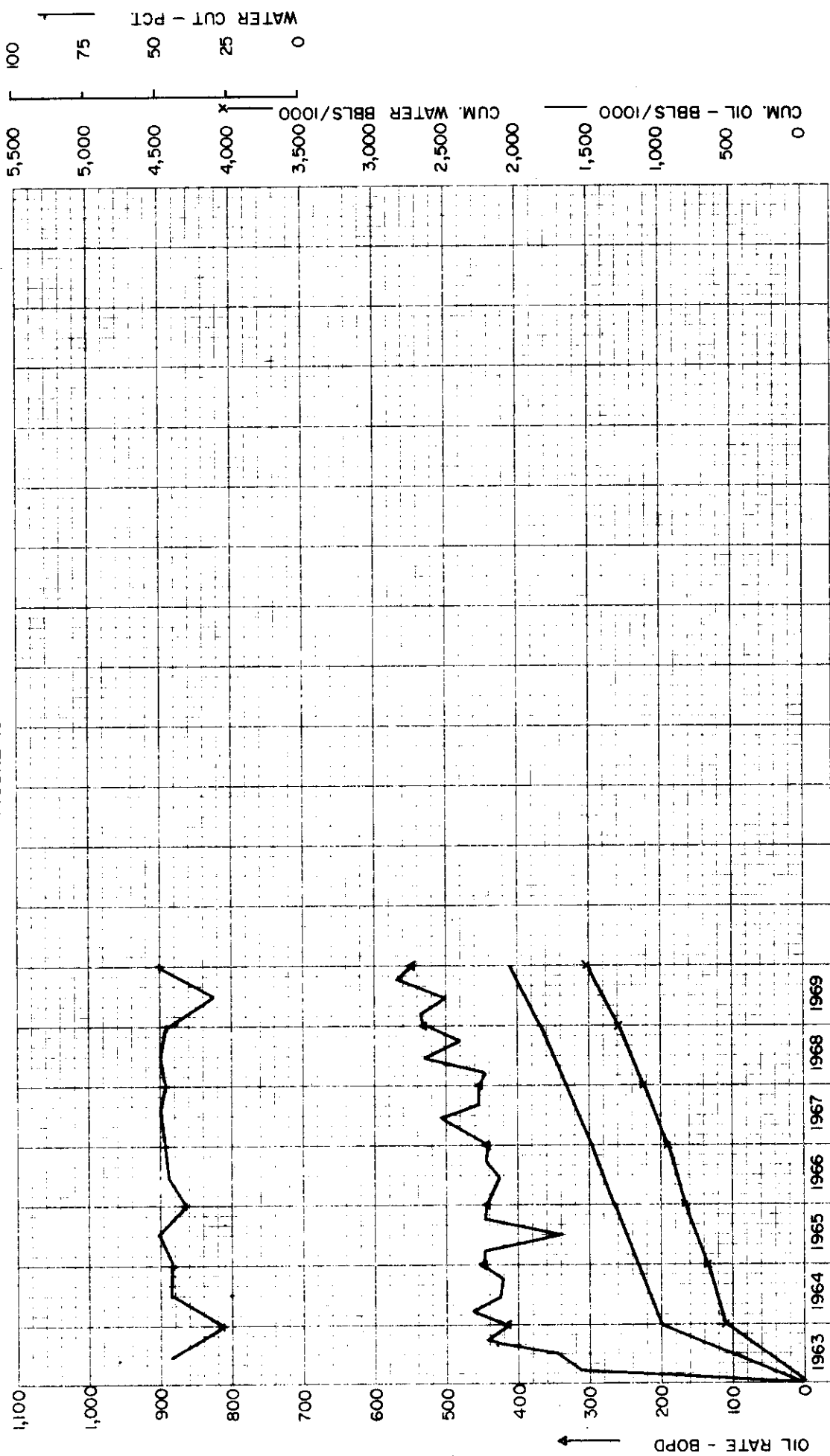


N.O. SCALLION UNIT
16-16-011-26-W1



COMPOSITE OF CASE A WELLS EXCLUDING 1-21-11-26

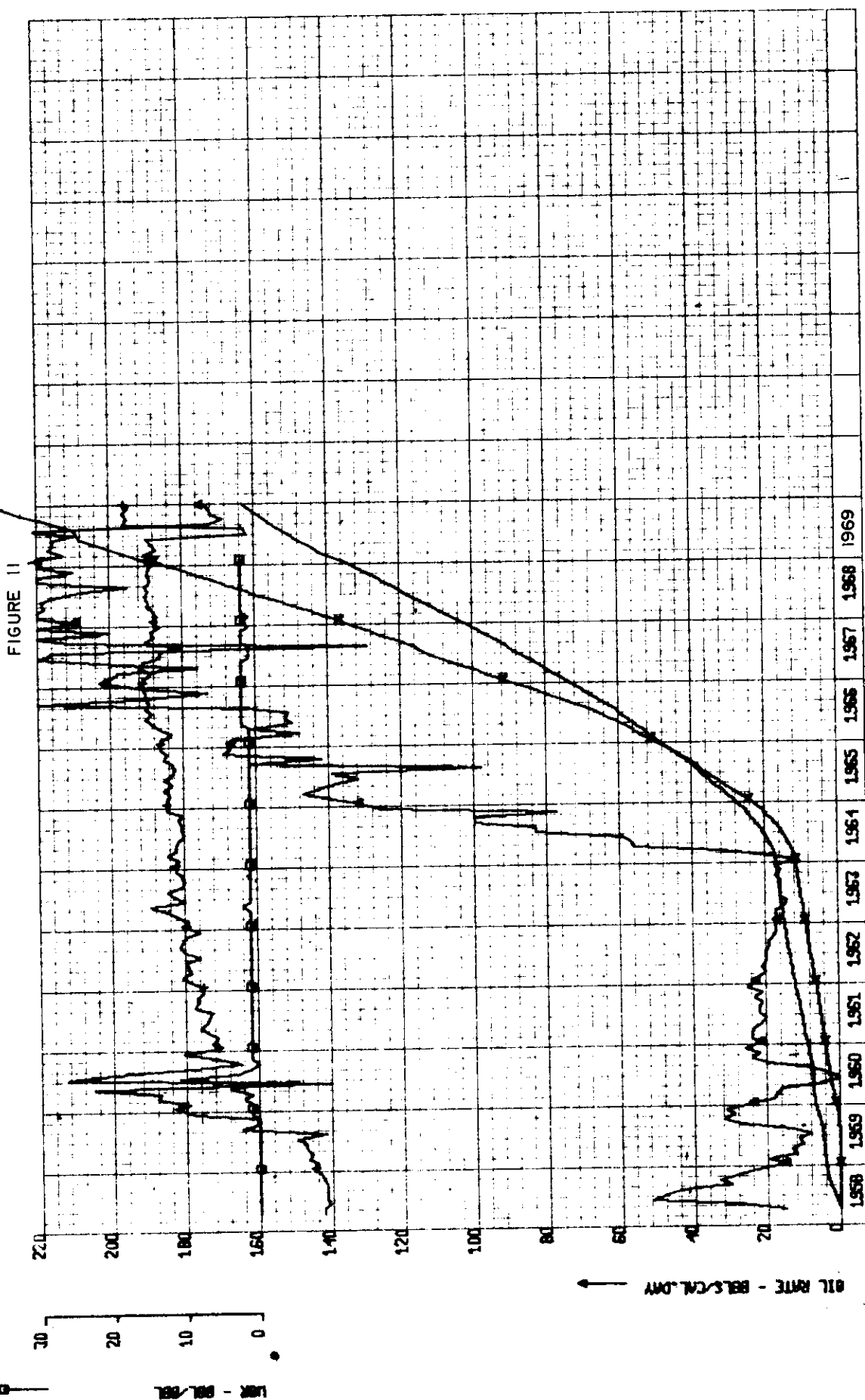
FIGURE 10



CASE B - EXAMPLE CASE LSD, 9-14-11-26

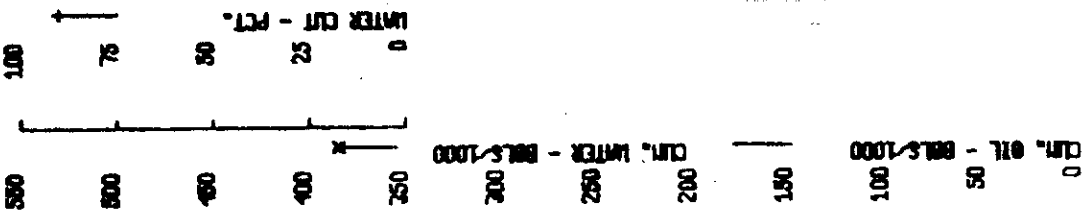
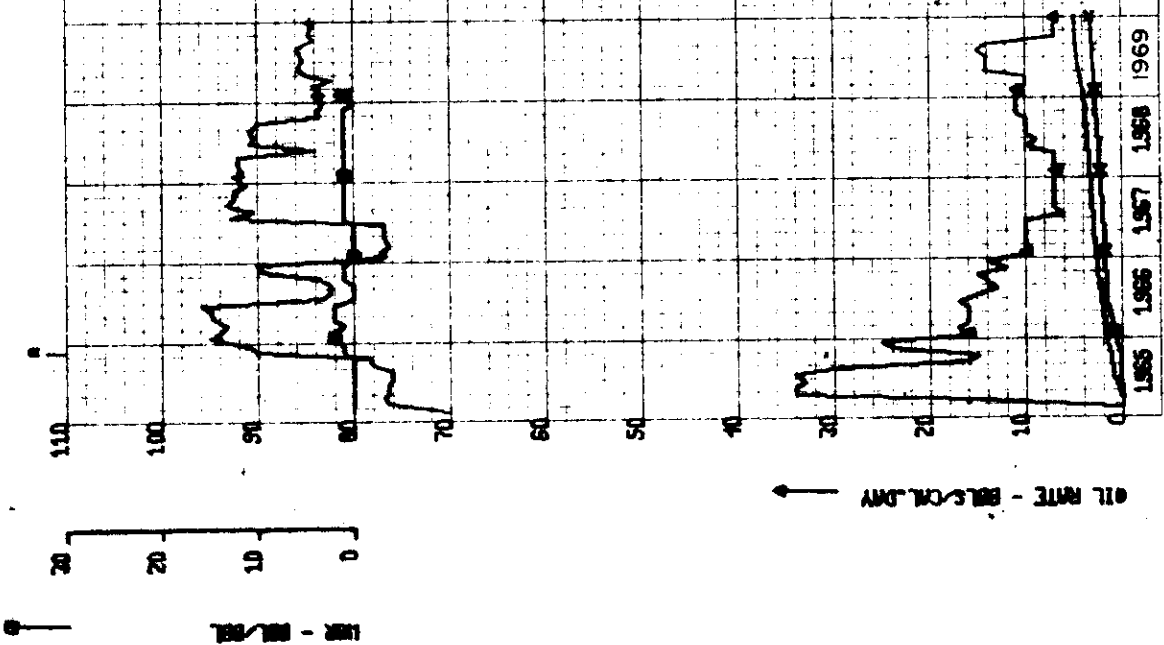
- Figure 11 - Lsd. 9-14-11-26 - high volume producer
- Figure 12 - Lsd. 7A-14-11-26
- Figure 13 - Lsd. 15-14-11-26
- Figure 14 - Lsd. 16-14-11-26
- Figure 15 - Lsd. 5-13-11-26
- Figure 16 - Lsd. 13-13-11-26
- Figure 17 - Composite of Figure Nos. 12 to 16 inclusive

N.V. SCALLION UNIT 09-14-011-26-W1



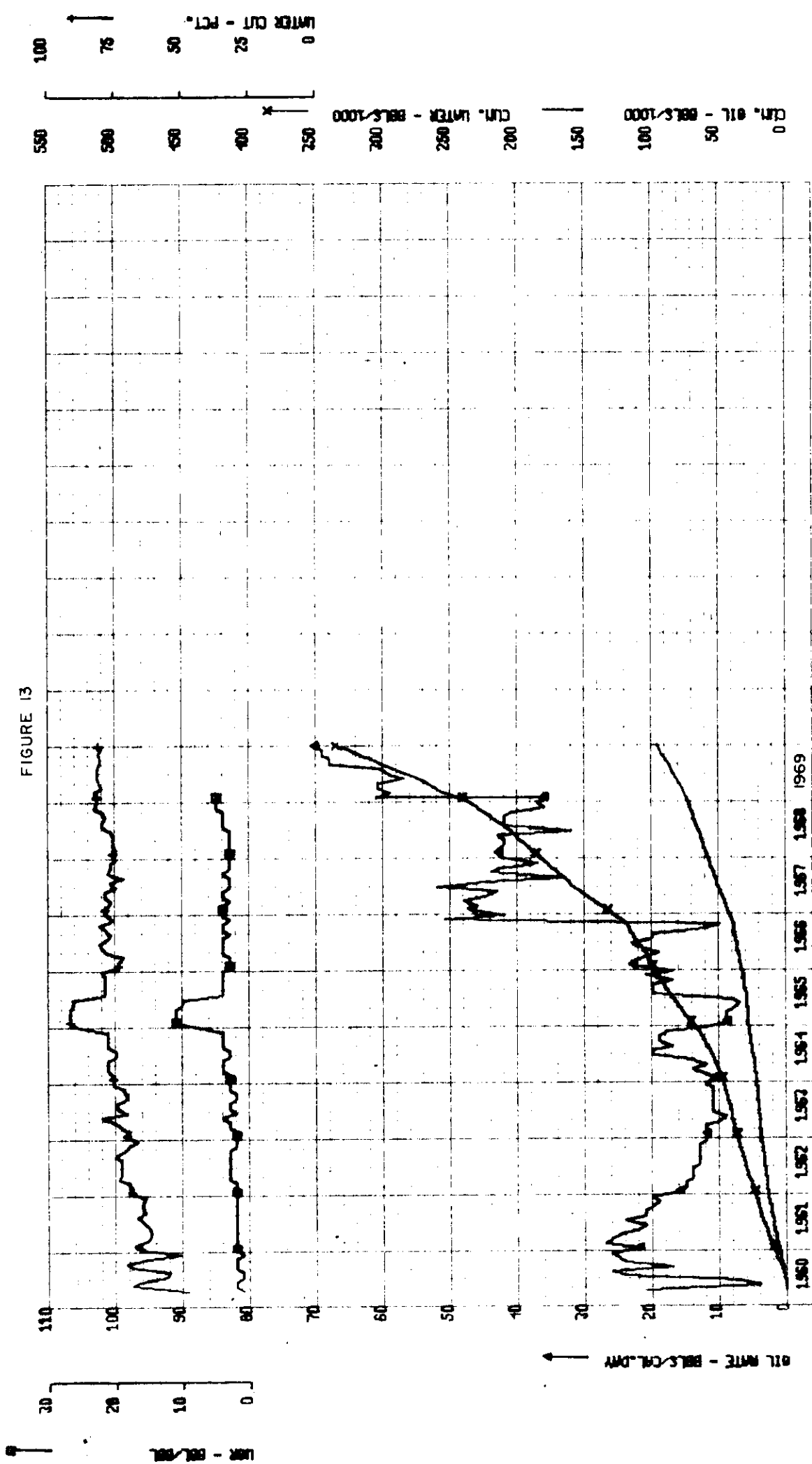
N.V. SCALLION UNIT
07-14-011-26-W1

FIGURE 12



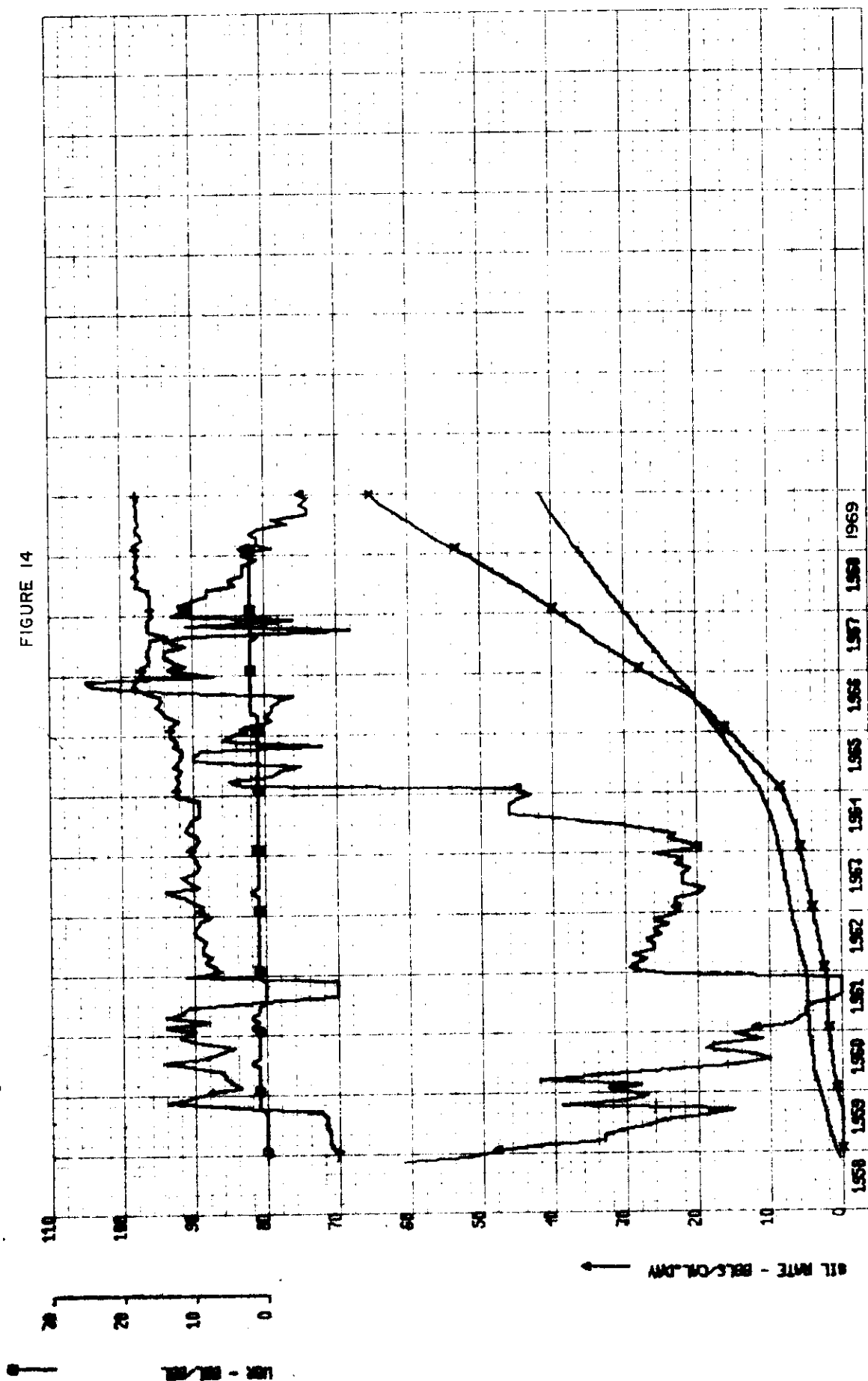
N.V. SCALLION UNIT 15-14-011-26-W1

FIGURE 13

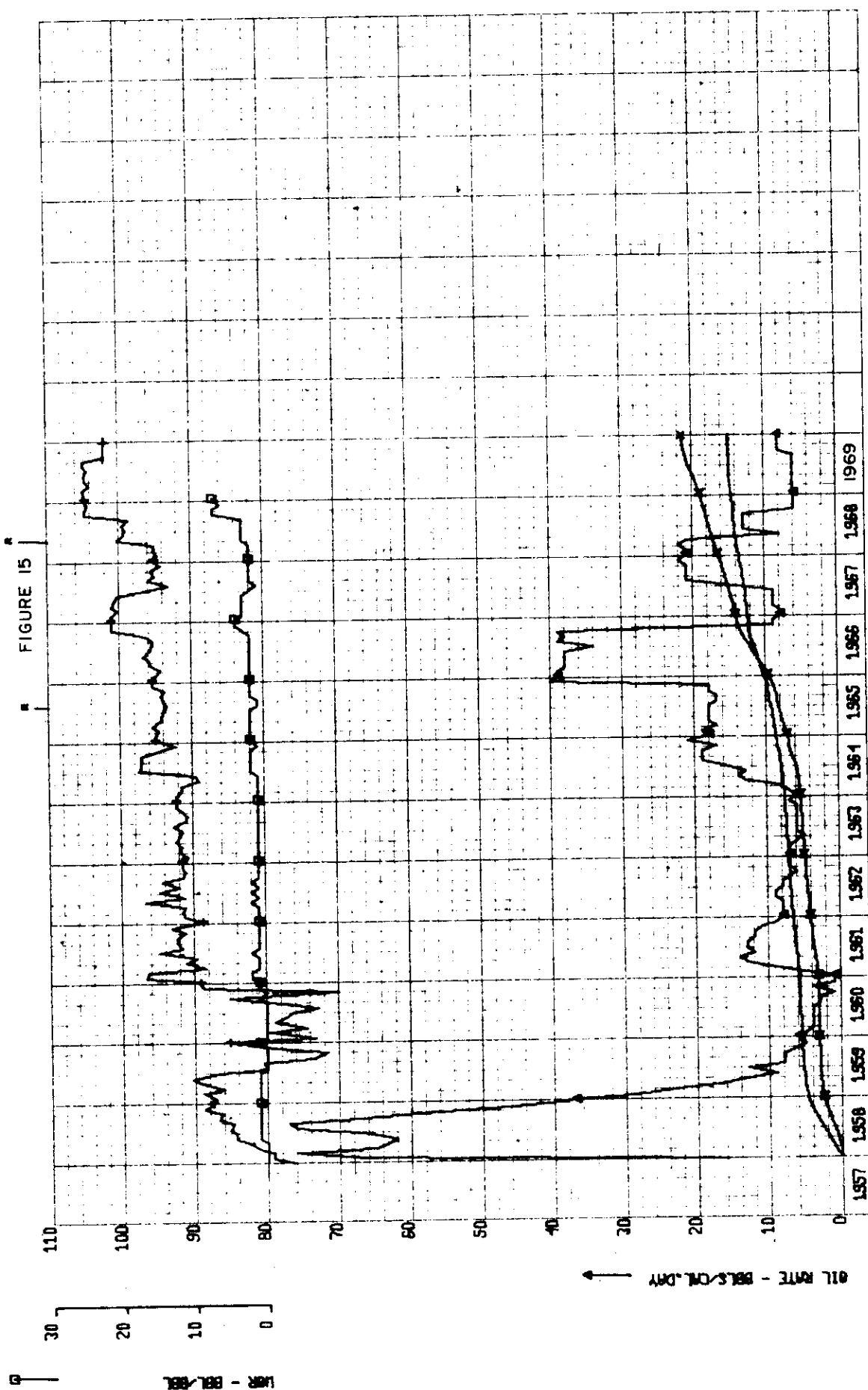


N.V. SCALLION UNIT 16-14-011-26-W1

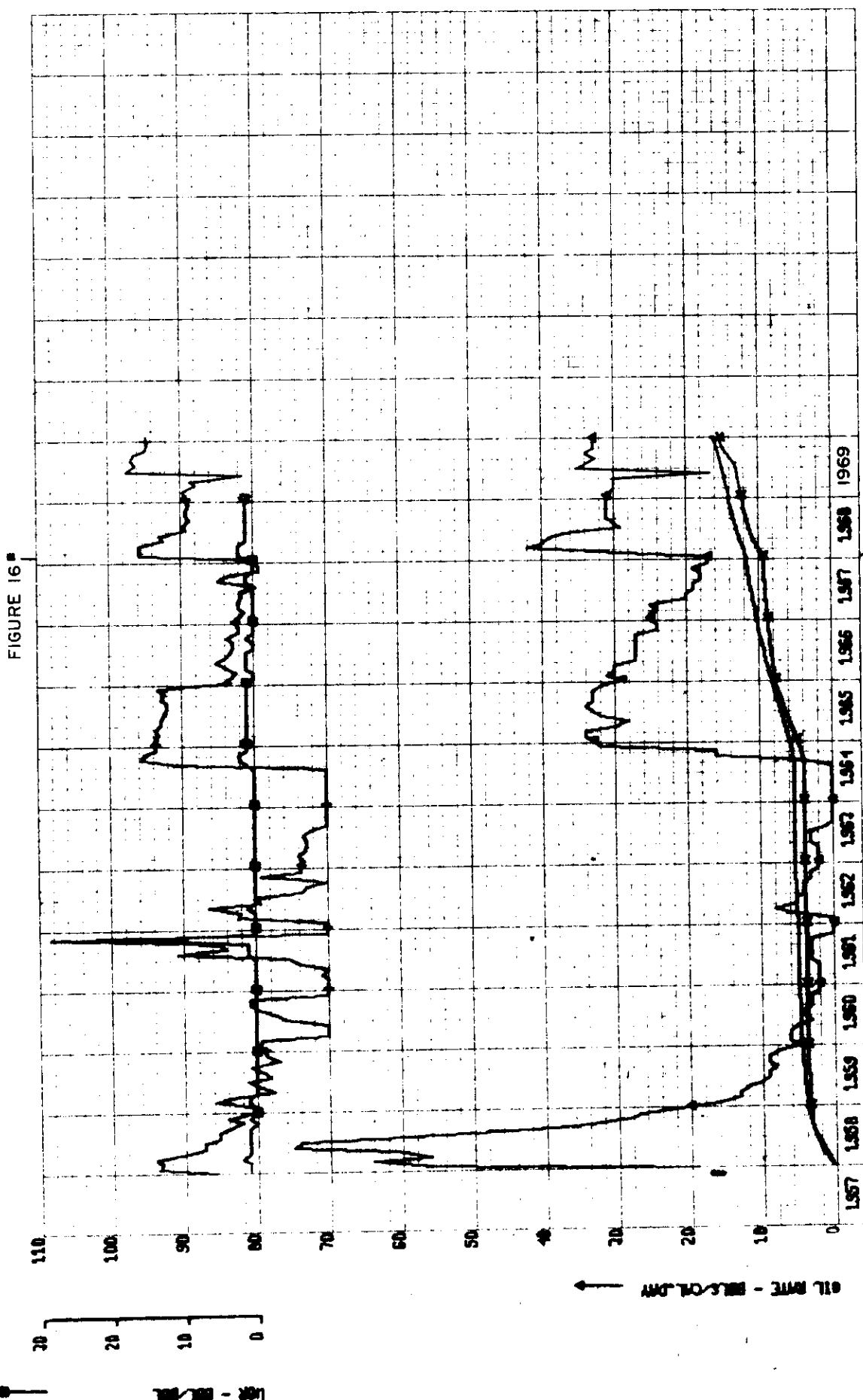
FIGURE 14



N.V. SCALLION UNIT 05-13-011-26-W1



N.U. SCALLION UNIT 13-13-011-26-W1

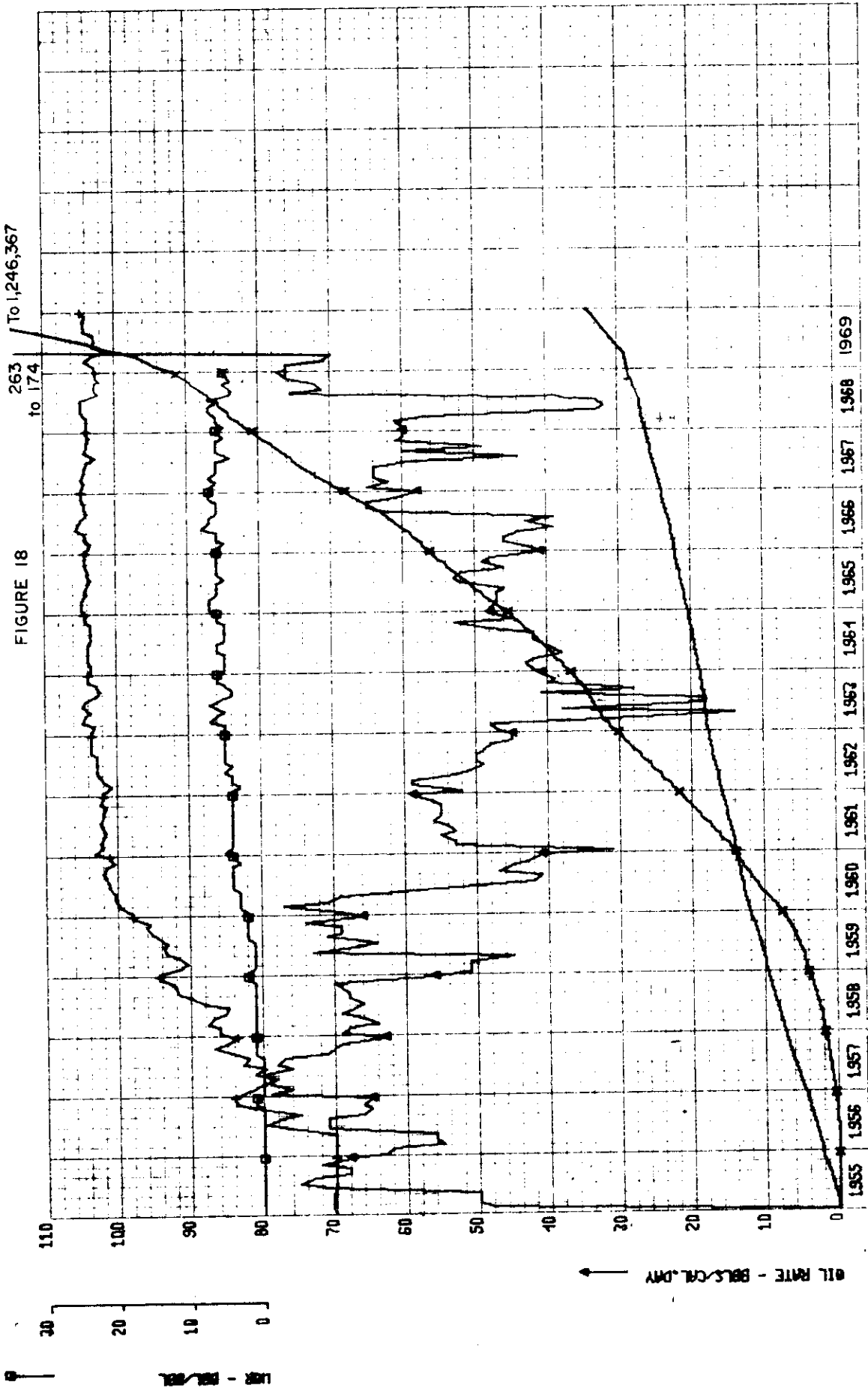


CASE C(a) - EXAMPLE CASE LSD. 5-15-11-26

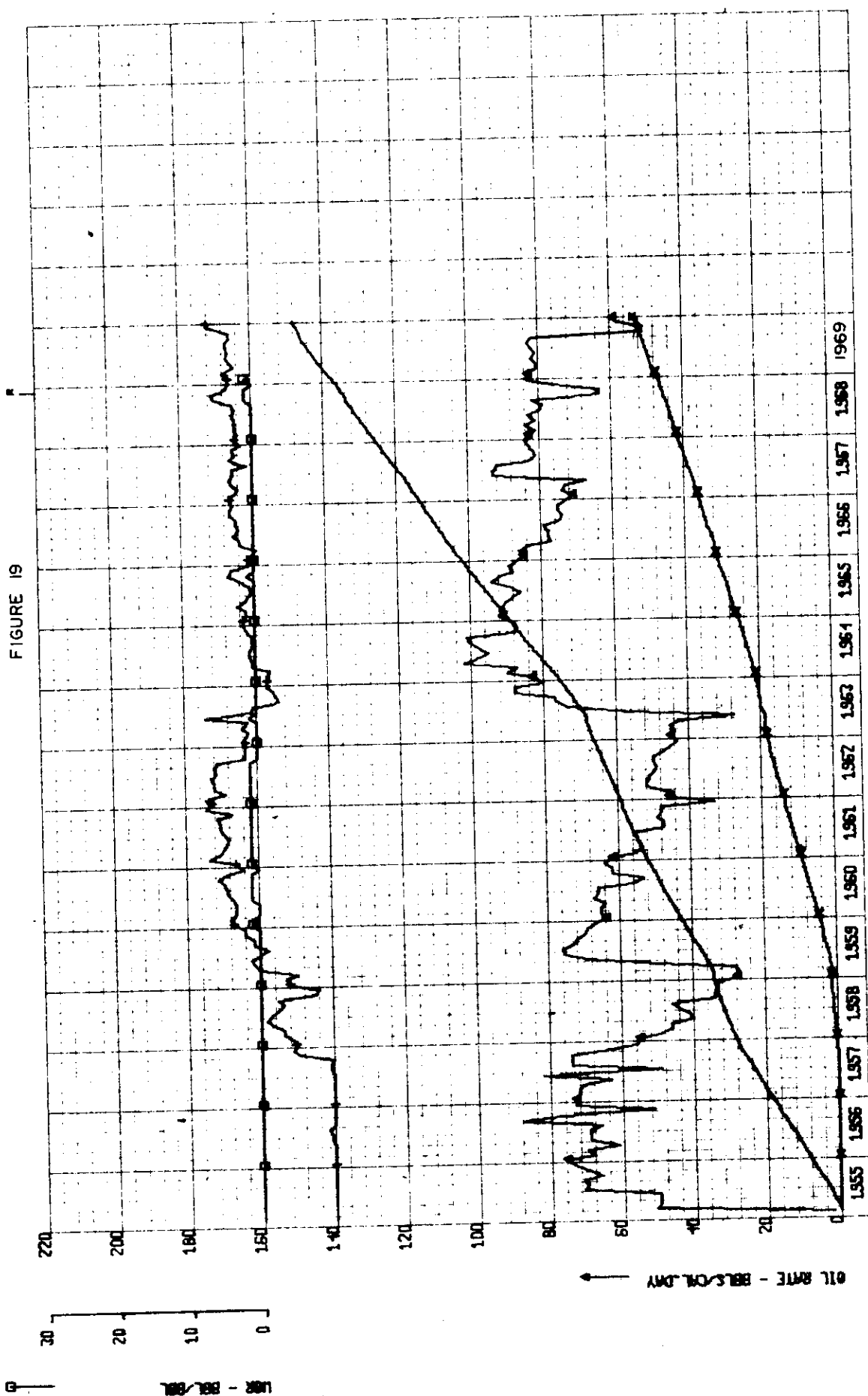
- Figure 18 - Lsd. 5-15-11-26 - high volume producer
- Figure 19 - Lsd. 3-15-11-26
- Figure 20 - Lsd. 4-15-11-26
- Figure 21 - Lsd. 6-15-11-26
- Figure 22 - Lsd. 11-15-11-26
- Figure 23 - Lsd. 12-15-11-26
- Figure 24 - Lsd. 1-16-11-26
- Figure 25 - Lsd. 8-16-11-26
- Figure 26 - Lsd. 9-16-11-26
- Figure 27 - Composite of Figure Nos. 19 to 26 inclusive

N.V. SCALLION UNIT 05-15-011-26-W1

FIGURE 18

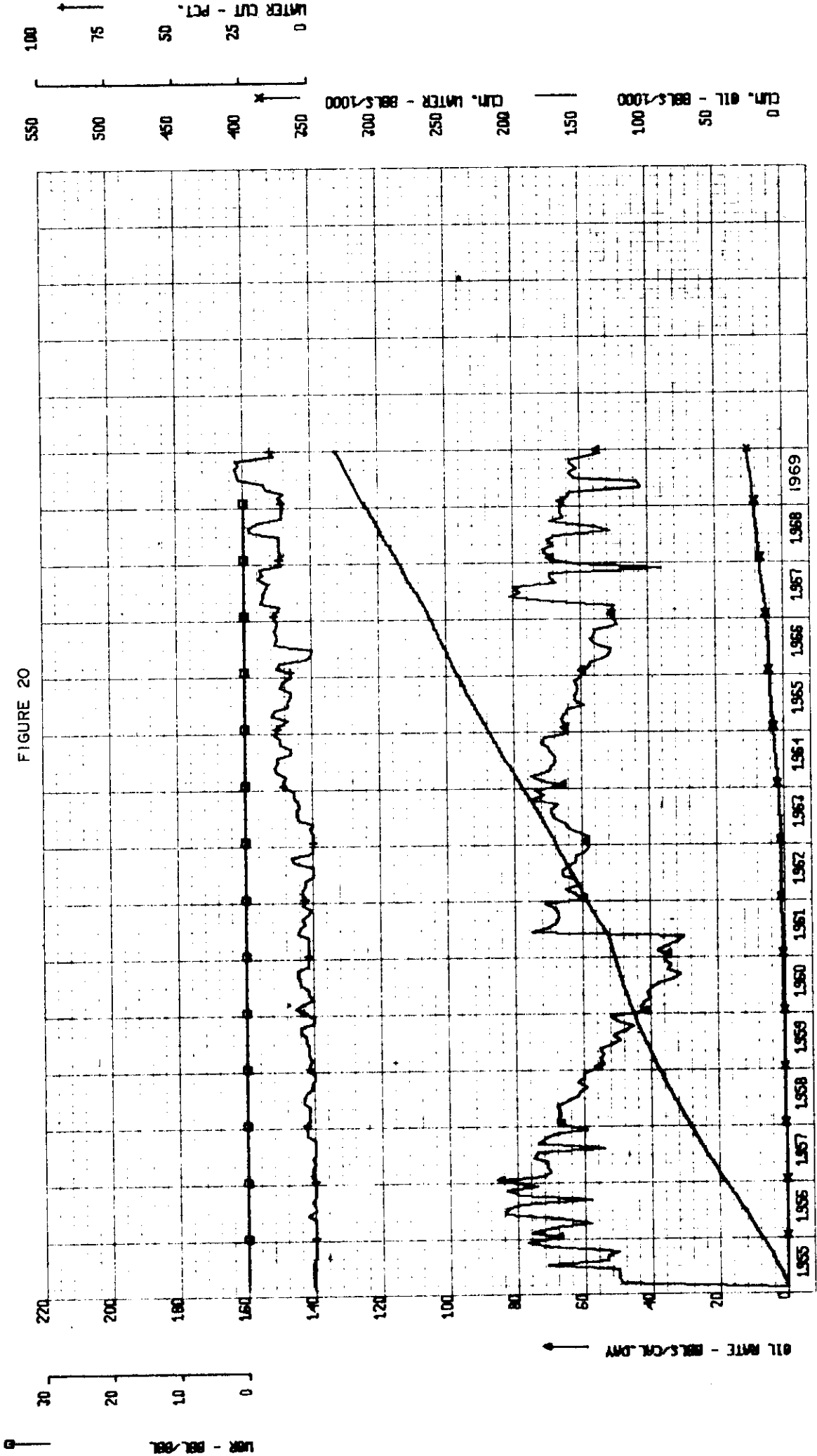


N.U. SCALLION UNIT 03-15-011-26-W1



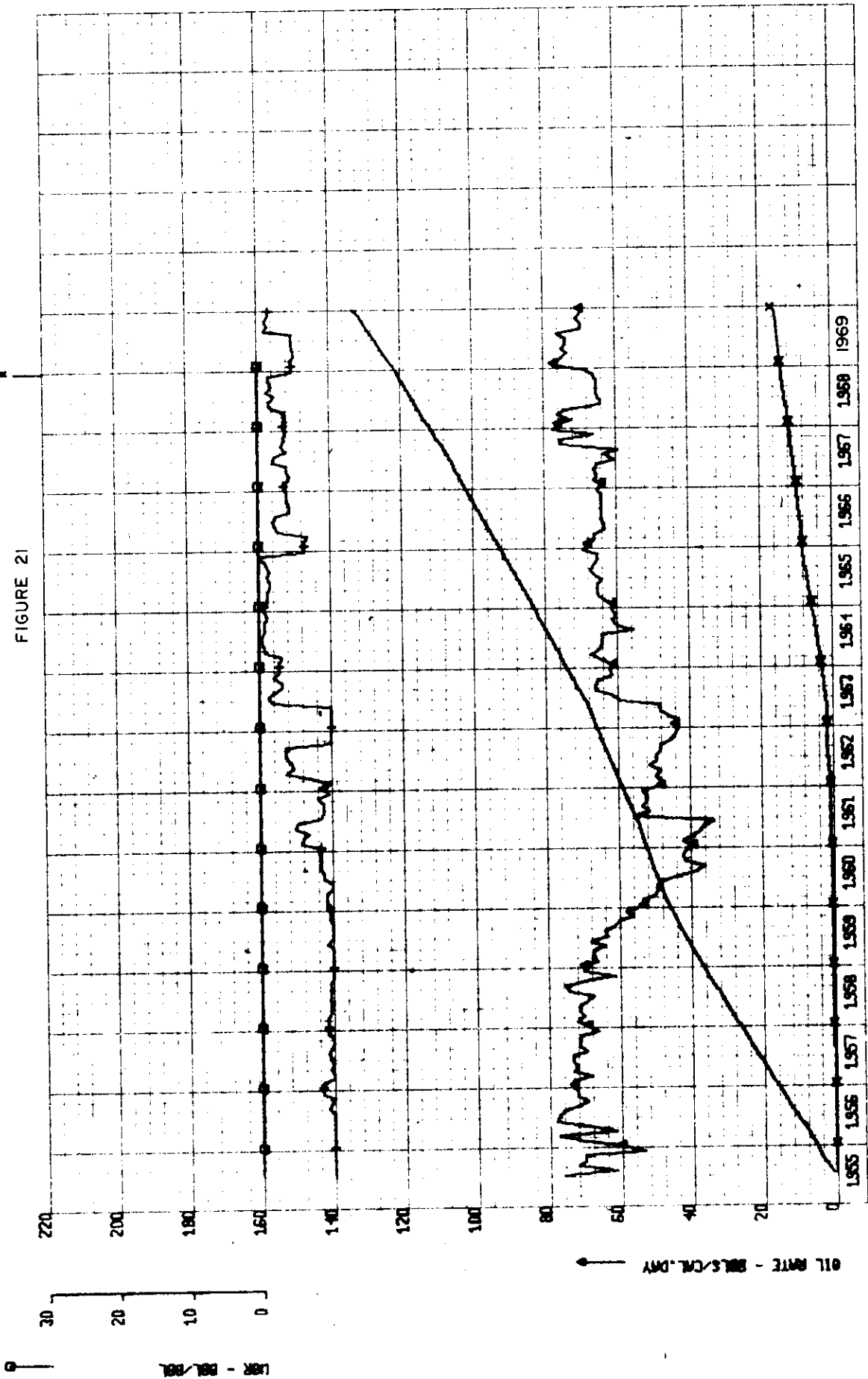
N.V. SCALLION UNIT
04-15-011-26-W1

FIGURE 20

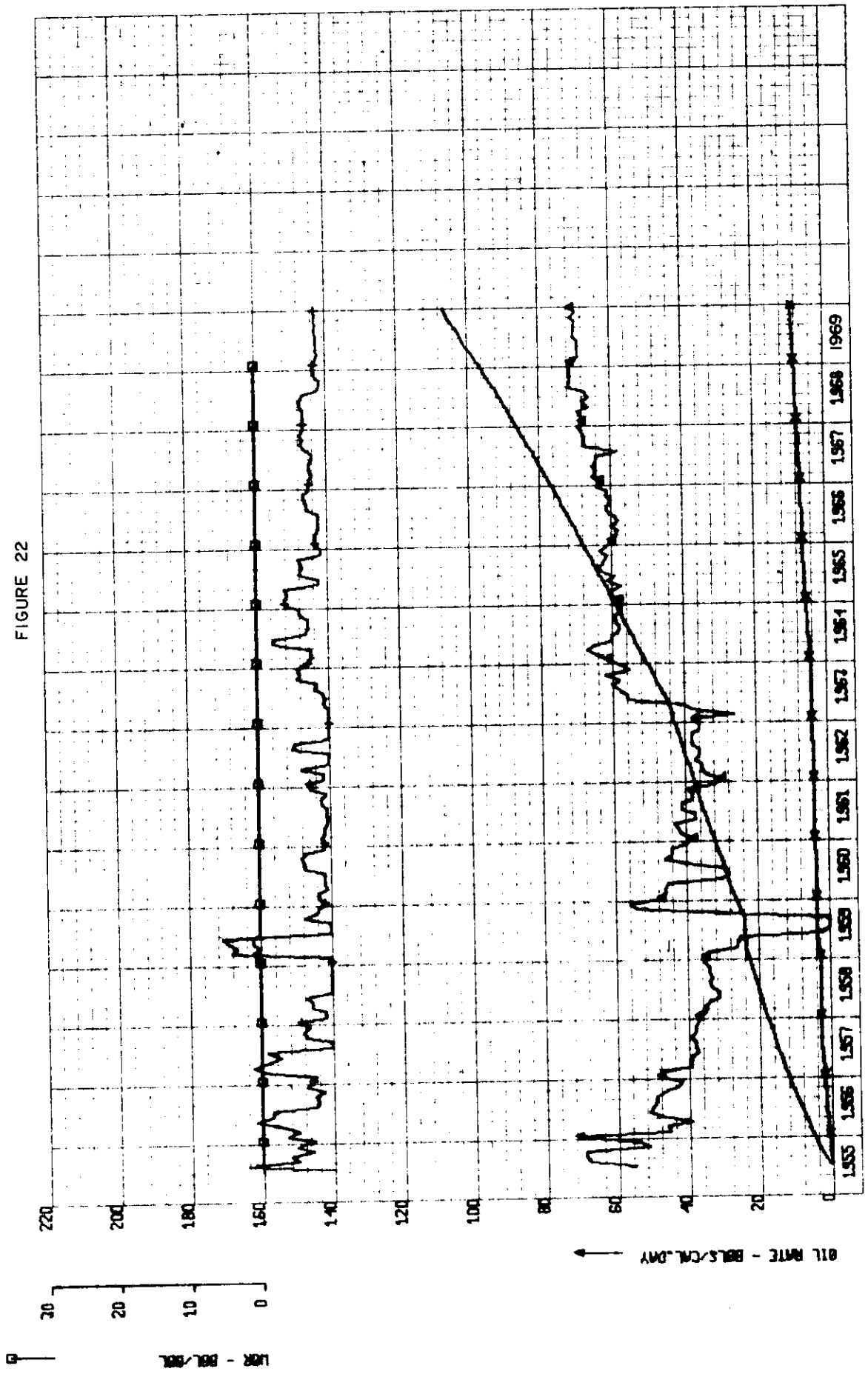


N.U. SCALLION UNIT 06-15-011-26-W1

FIGURE 21

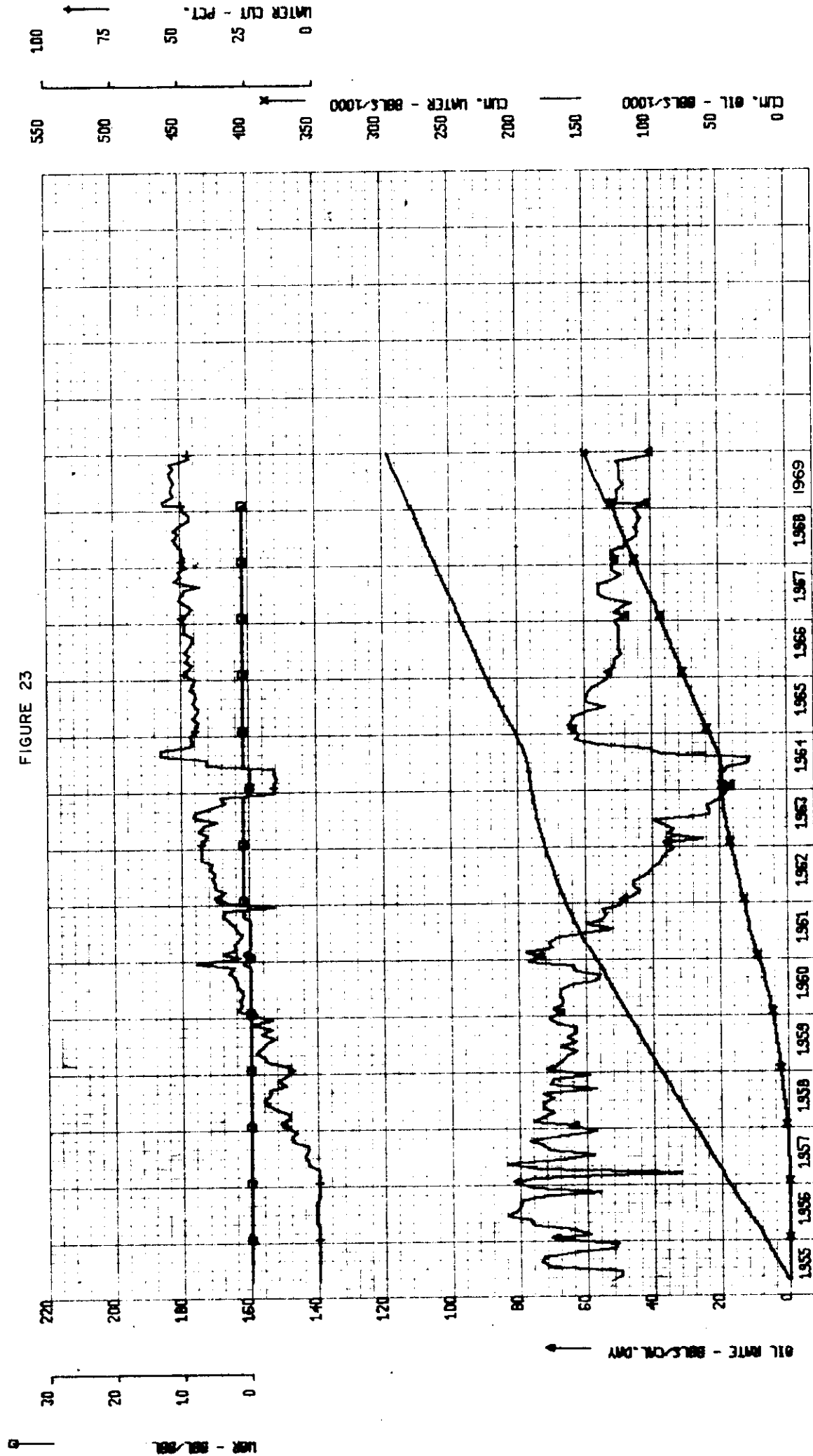


N.U. SCALLION UNIT
11-15-011-26-W1



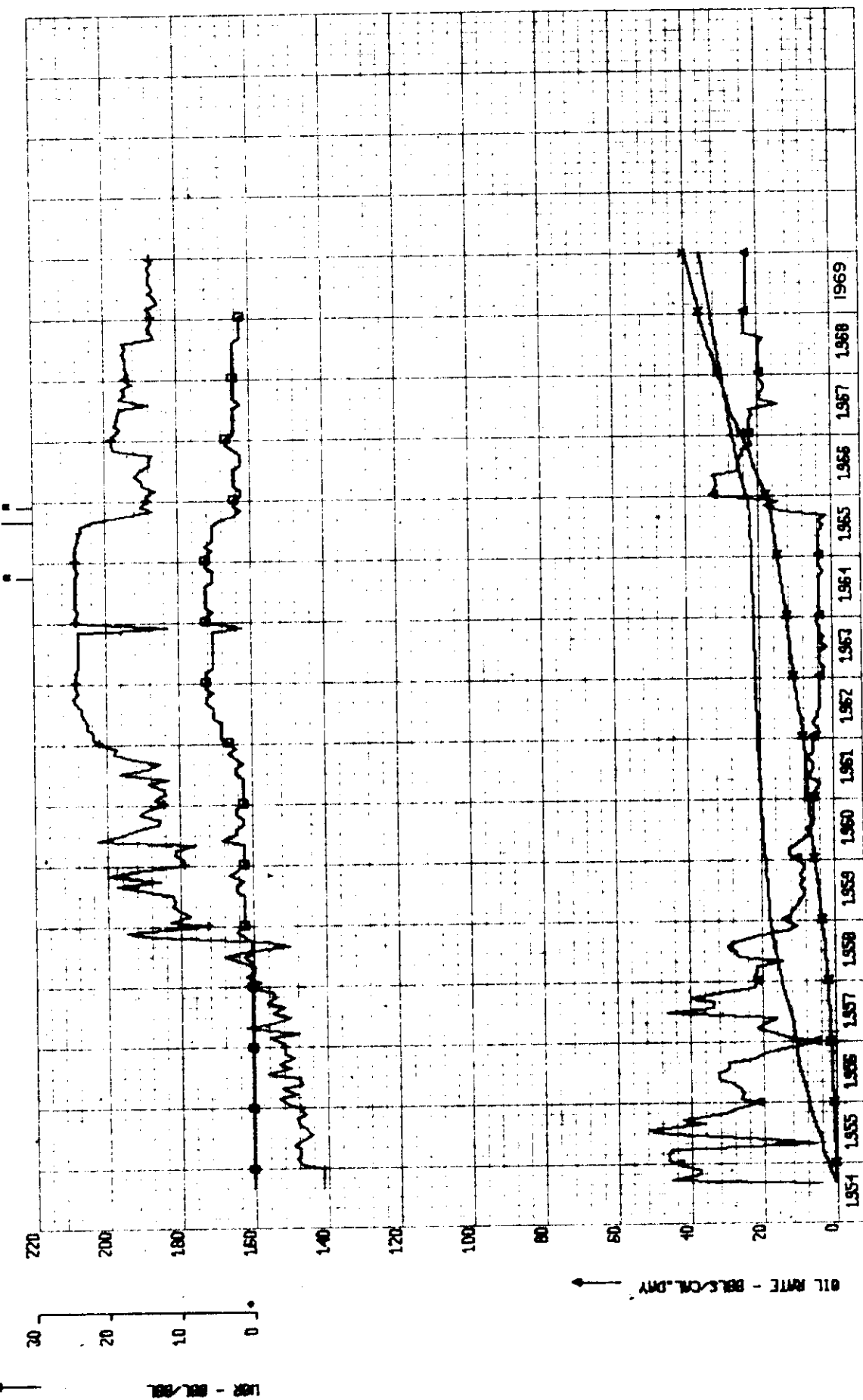
N.U. SCALLION UNIT 12-15-011-26-W1

FIGURE 23



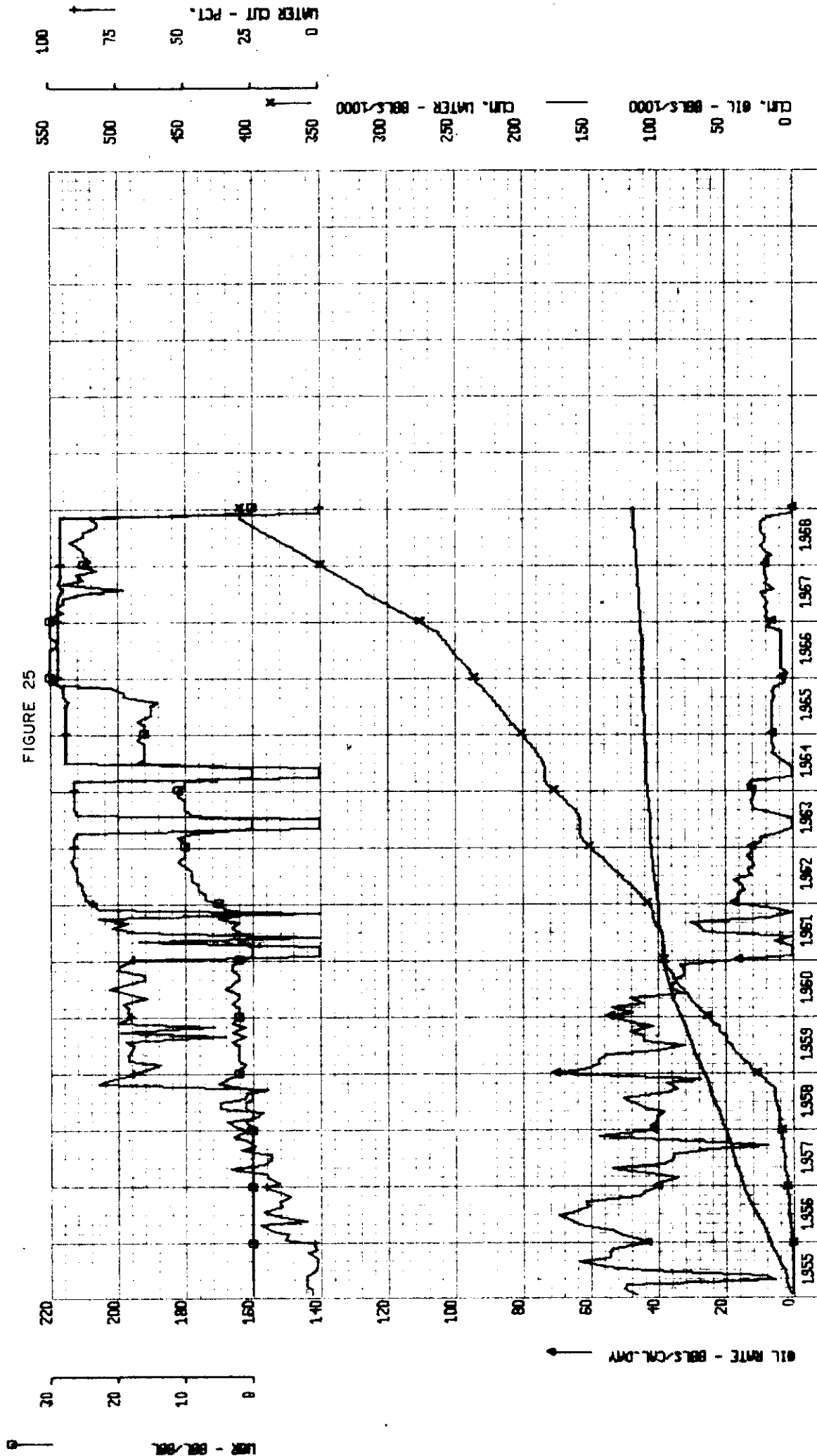
N.U. SCALLION UNIT 01-16-011-26-W1

FIGURE 24



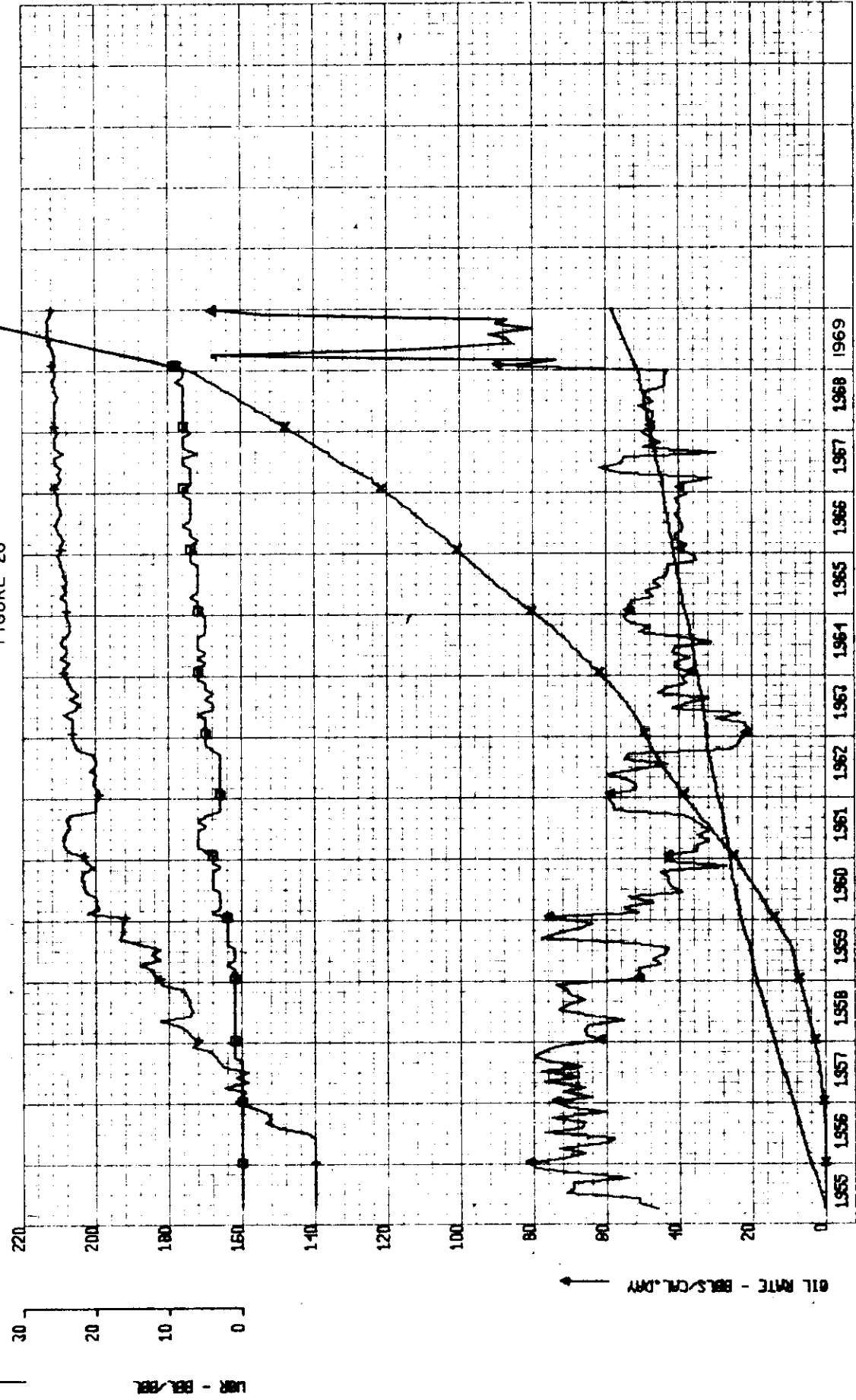
N.V. SCALLION UNIT 08-16-011-26-W1

FIGURE 25



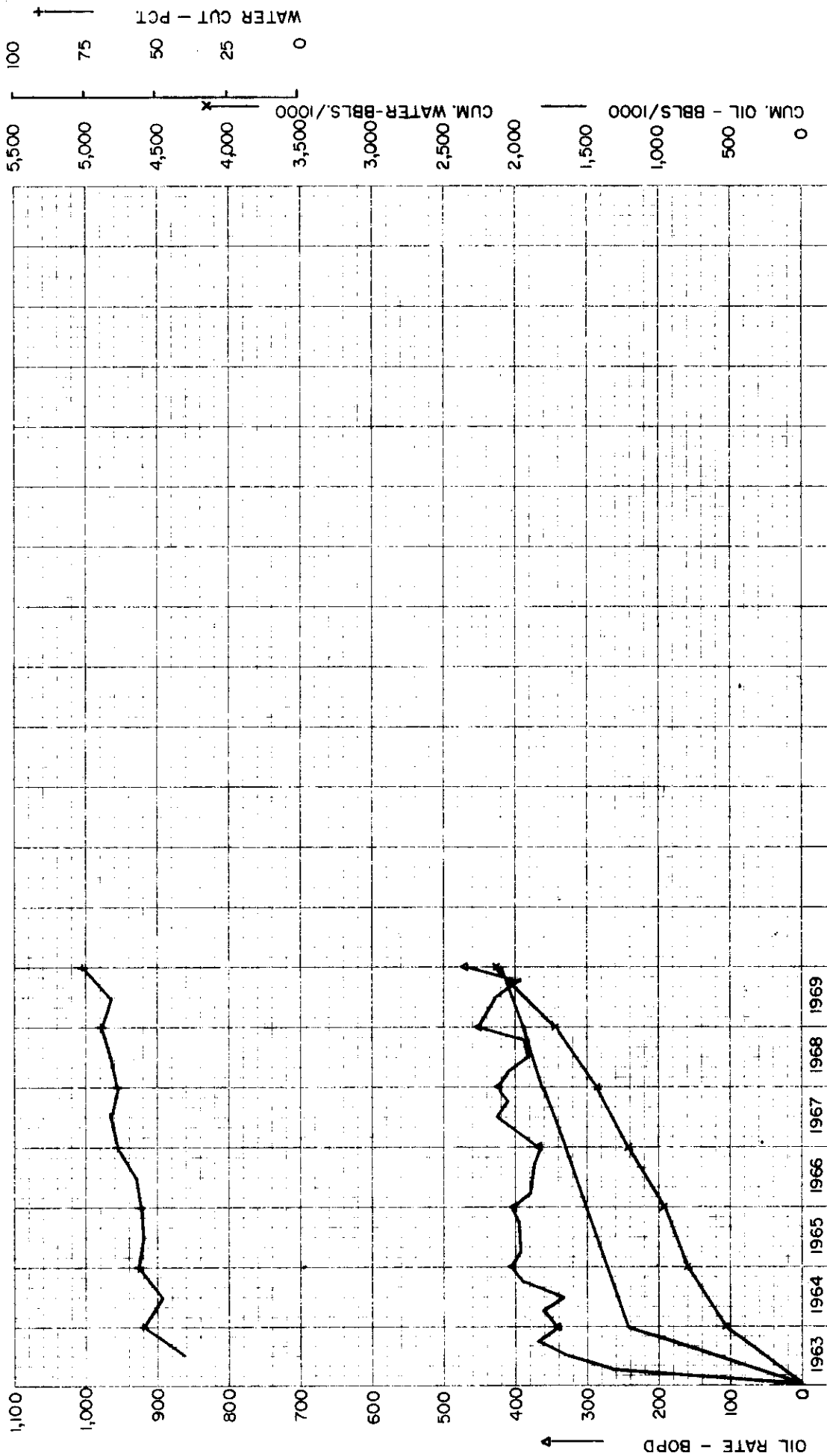
N. U. SCALLION UNIT
09-16-011-26-U1

FIGURE 26



COMPOSITE OF CASE C(a) WELLS EXCLUDING 5-15-11-26

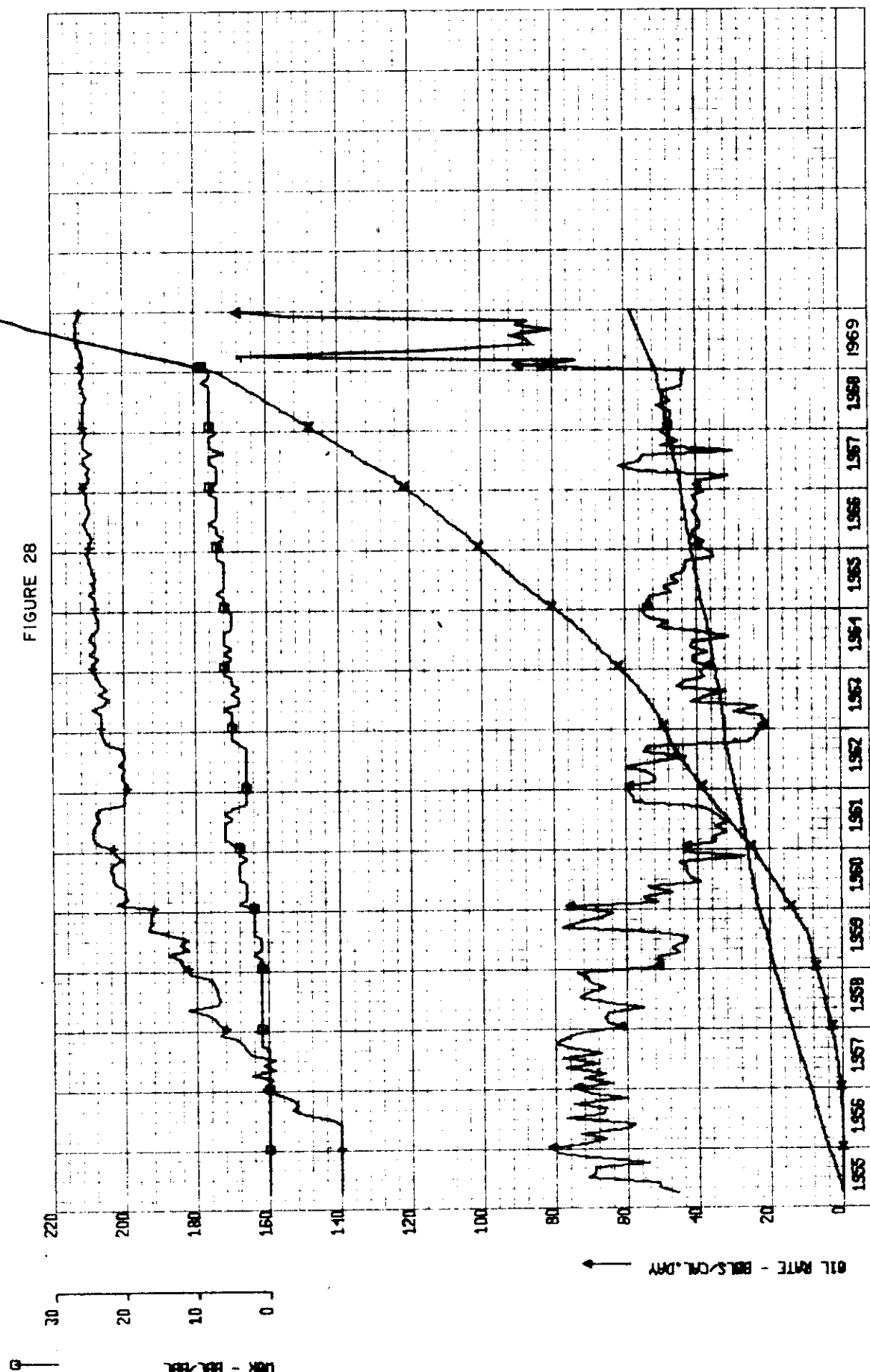
FIGURE 27



CASE C(b) - EXAMPLE CASE LSD, 9-16-11-26

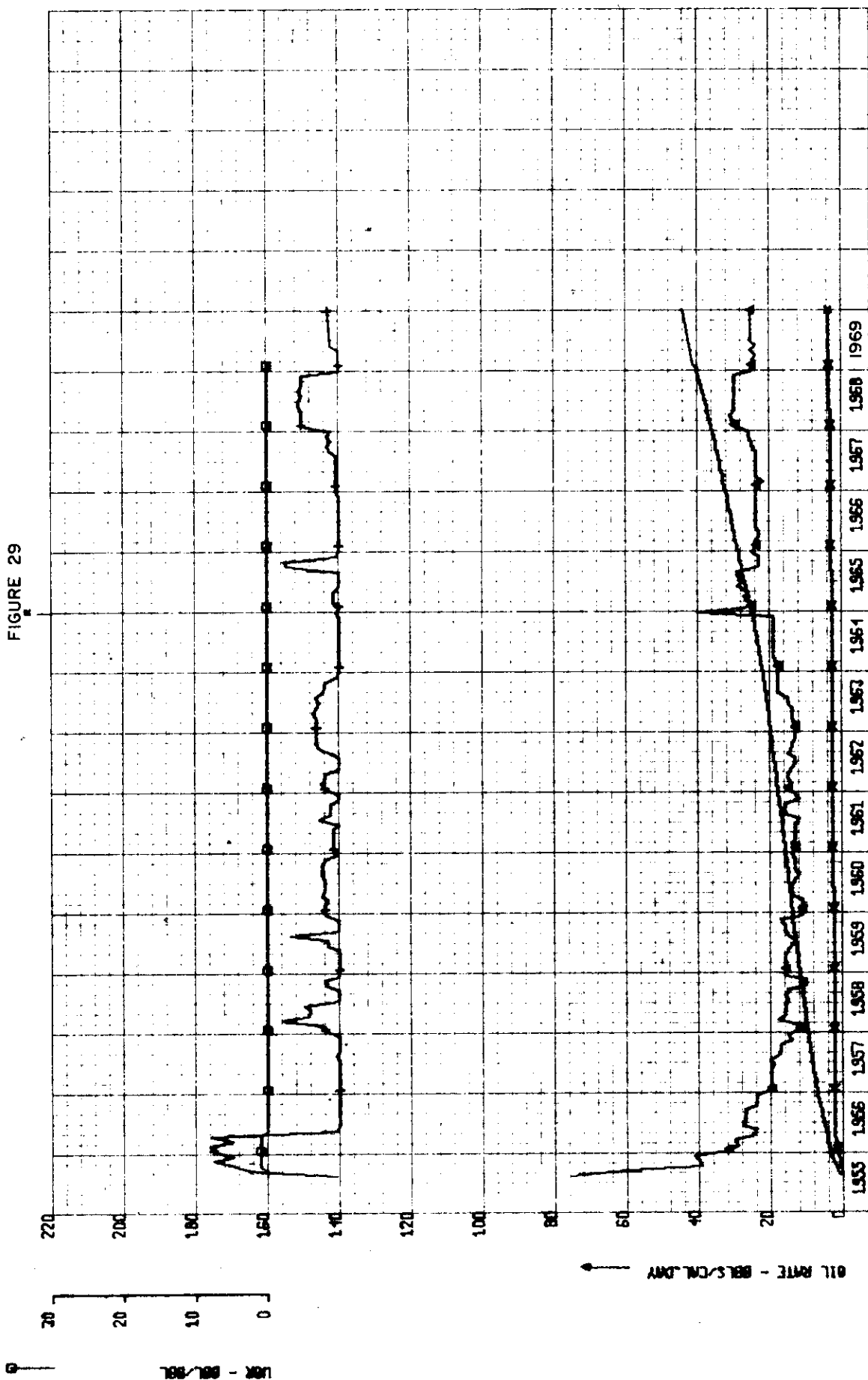
Figure 28 - Lsd. 9-16-11-26 - high volume producer
Figure 8 - Lsd. 15-16-11-26 (see Case A)
Figure 9 - Lsd. 16-16-11-26 (see Case A)
Figure 18 - Lsd. 5-15-11-26 (see Case C)
Figure 23 - Lsd. 12-15-11-26 (see Case C)
Figure 25 - Lsd. 8-16-11-26 (see Case C)
Figure 29 - Lsd. 13-15-11-26
Figure 30 - Lsd. 7-16-11-26
Figure 31 - Lsd. 10-16-11-26
Figure 32 - Composite of above Figures, excluding Figure 28

N.U. SCALLION UNIT
09-16-011-26-W1

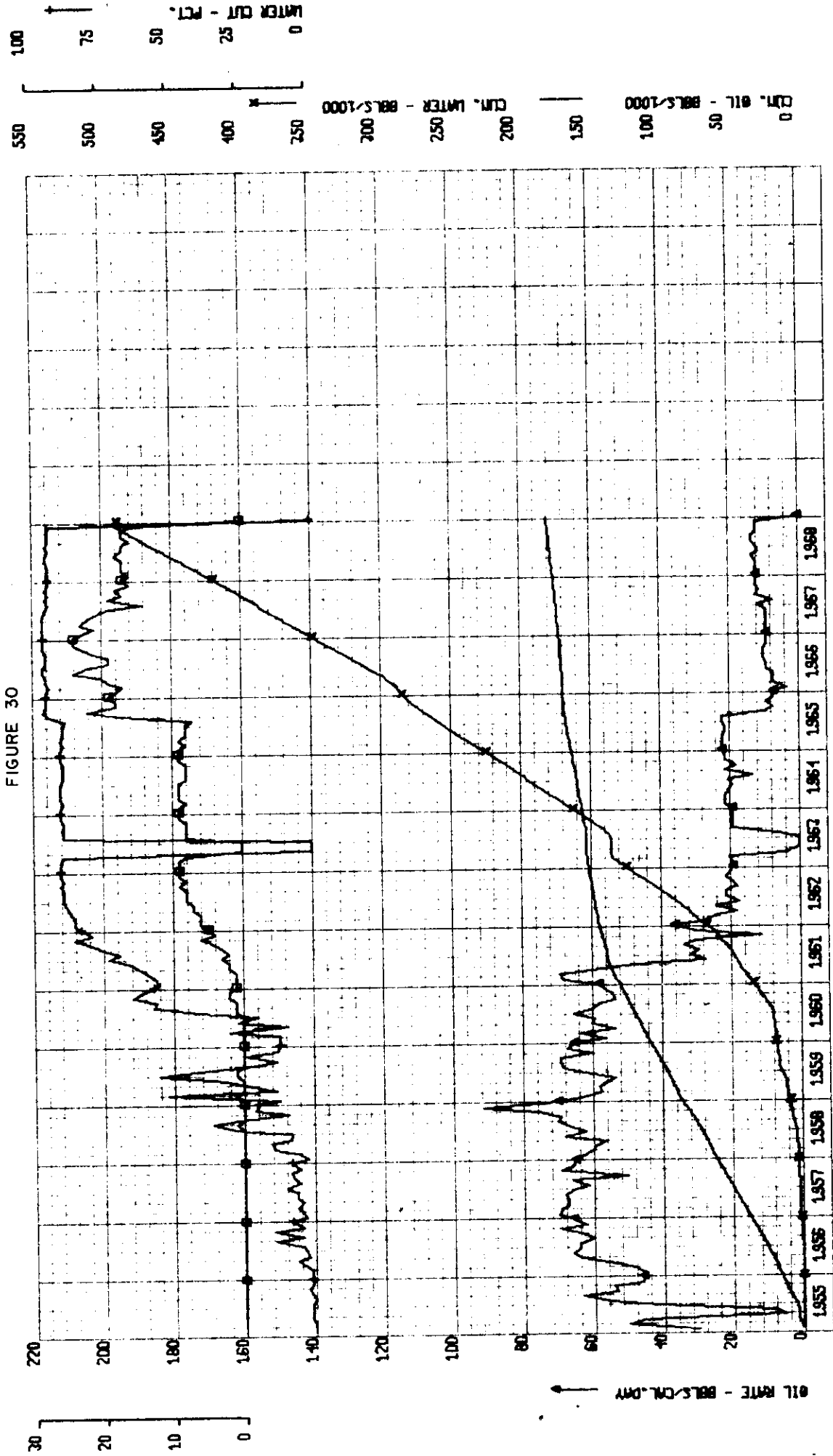


N.U. SCALLION UNIT 13-15-011-26-W1

FIGURE 29

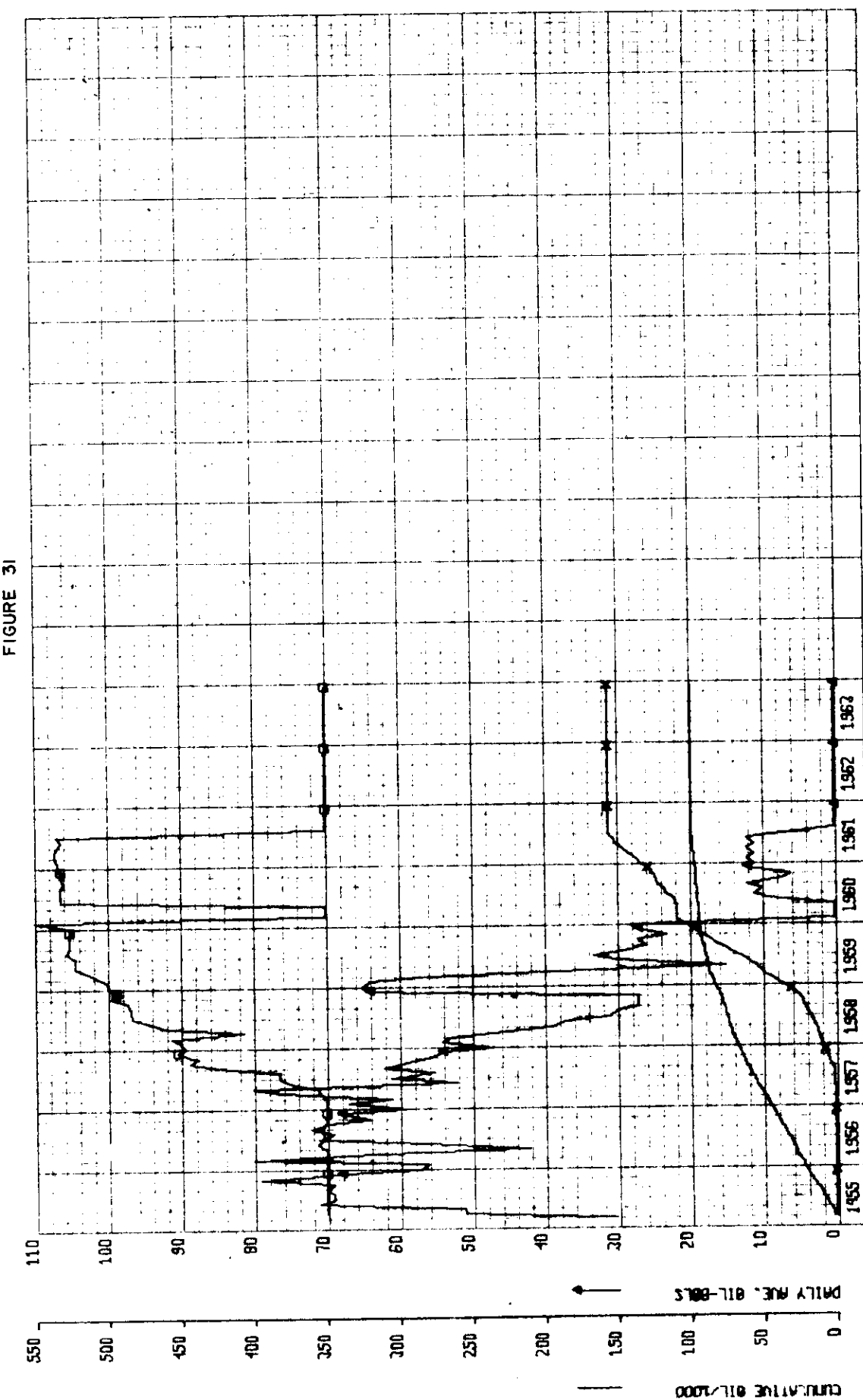


N.V. SCALLION UNIT
07-16-011-26-W1



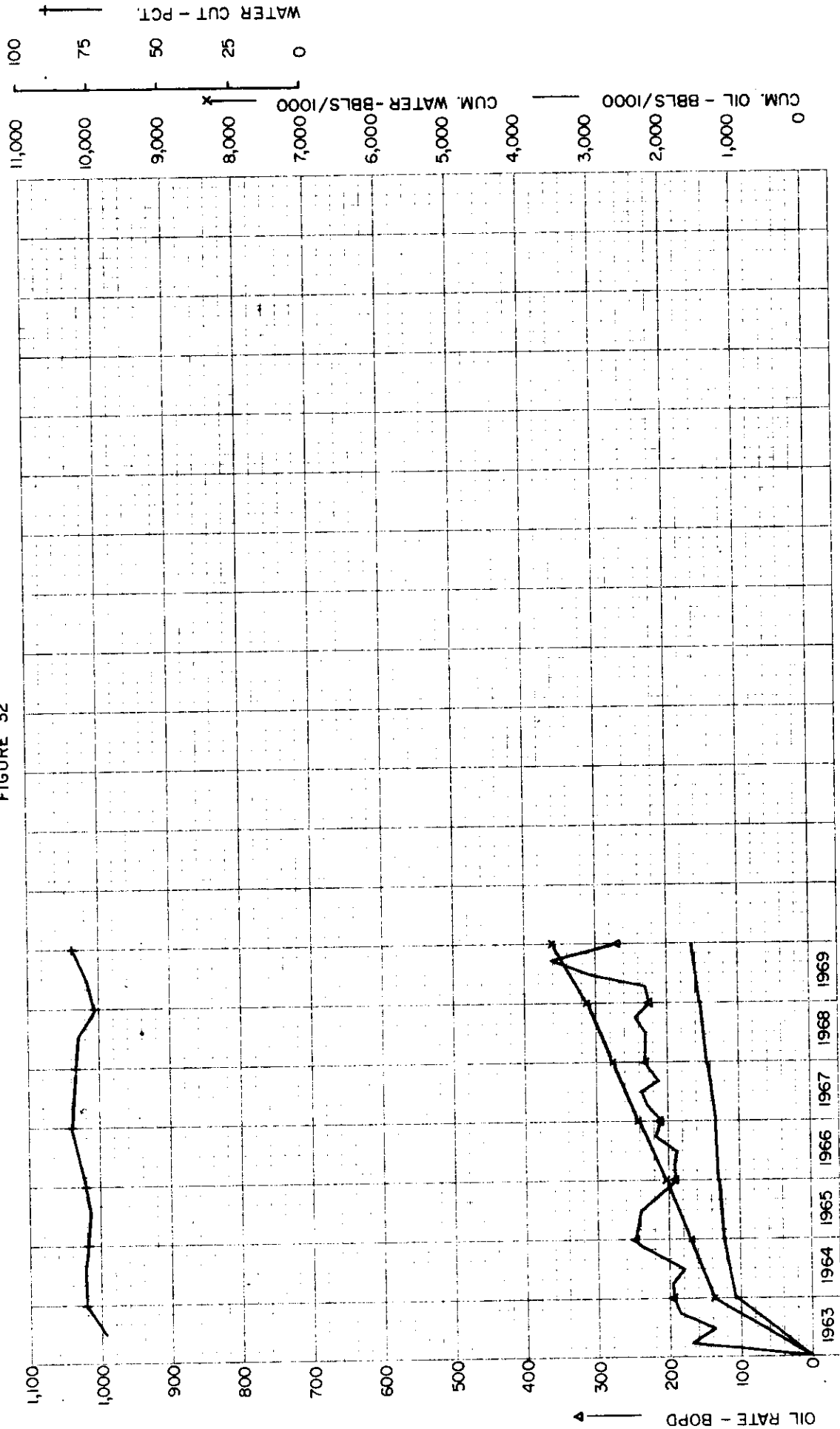
N.O.U. UNIT 10-16-011-26-W1

FIGURE 31



COMPOSITE OF CASE C(b) WELLS EXCLUDING 9-16-11-26

FIGURE 32



December 7, 1984

Chevron Canada Resources Limited
Box 100
Virden, Manitoba
R0M 2C0

Attention: Mr. C. G. Folden,
Area Supervisor

Dear Cal:

Re: North Virden Scallion Unit No. 1
Virden Roselea Unit No. 1

Enclosed herewith is a copy of Board Order No. 74A exempting wells in the subject Units from the maximum permissible rate restrictions of The Petroleum Drilling and Production Regulations, 1984.

Yours sincerely,

Original Signed by H. C. Moster

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

LRD/lk
Enclosure

THE REGULATIONS ACT

CERTIFICATE

I, Ian Haugh, Deputy Chairman of The Oil and Natural Gas Conservation Board, hereby certify that the attached regulation is the original Order:--

- (a) entitled The Oil and Natural Gas Conservation Board Order No. 74A
- (b) made pursuant to The Mines Act;
- (c) by The Oil and Natural Gas Conservation Board;
- (d) on the *23rd* day of *November* A.D. 1984;
- (e) approved by the Honourable the Minister of Energy and Mines on the *23rd* day of *November* A.D. 1984; and
- (f) which regulation comes into force on the day of filing with the Registrar of Regulations.

DATED this *28th* day of *November*, A.D. 1984

ORIGINAL SIGNED BY
IAN HAUGH

Ian Haugh
Deputy Chairman,
The Oil and Natural Gas
Conservation Board

Manitoba Regulation 258/84
THE OIL AND NATURAL GAS CONSERVATION BOARD
ORDER NO. 74A

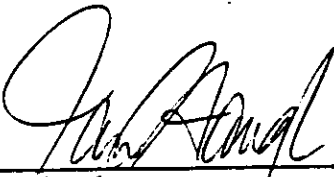
An Order Pertaining to Maximum Permissible
Production Rates in the Virden Field

Made and Passed Pursuant to "The Mines Act", Cap. M160
of the Continuing Consolidation of the Statutes of Manitoba
by The Oil and Natural Gas Conservation Board of Manitoba

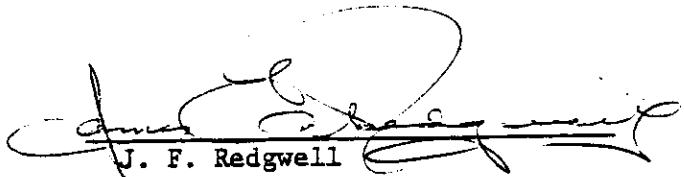
(Filed: 29 November 1984)

1. Until further Order, producing wells in the North Virden Scallion Unit No. 1 and the Virden Roselea Unit No. 1 shall be exempt from the maximum permissible rate restrictions of subsection 51(1) of The Petroleum Drilling and Production Regulations, 1984, being Manitoba Regulation 147/84.

Oil and Natural Gas Order No. 74A
made and passed this 23rd day
of November A.D., 1984 at the
City of Winnipeg, in the Province
of Manitoba, by The Oil and
Natural Gas Conservation Board.




Ian Haugh
Deputy Chairman,
The Oil and Natural Gas
Conservation Board



J. F. Redgwell
Member,
The Oil and Natural Gas
Conservation Board

Approved:



Wilson D. Parasiuk
Minister of Energy and Mines

MICROFILMED

TO

HERE

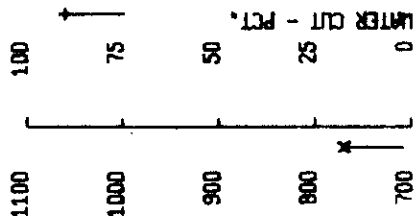
June/79

CASE C(b) - EXAMPLE CASE LSD. 9-16-11-26

- Figure 28 - Lsd. 9-16-11-26 - high volume producer
- Figure 8 - Lsd. 15-16-11-26 (see Case A)
- Figure 9 - Lsd. 16-16-11-26 (see Case A)
- Figure 18 - Lsd. 5-15-11-26 (see Case C)
- Figure 23 - Lsd. 12-15-11-26 (see Case C)
- Figure 25 - Lsd. 8-16-11-26 (see Case C)
- Figure 29 - Lsd. 13-15-11-26
- Figure 30 - Lsd. 7-16-11-26
- Figure 31 - Lsd. 10-16-11-26
- Figure 32 - Composite of above Figures, excluding Figure 28

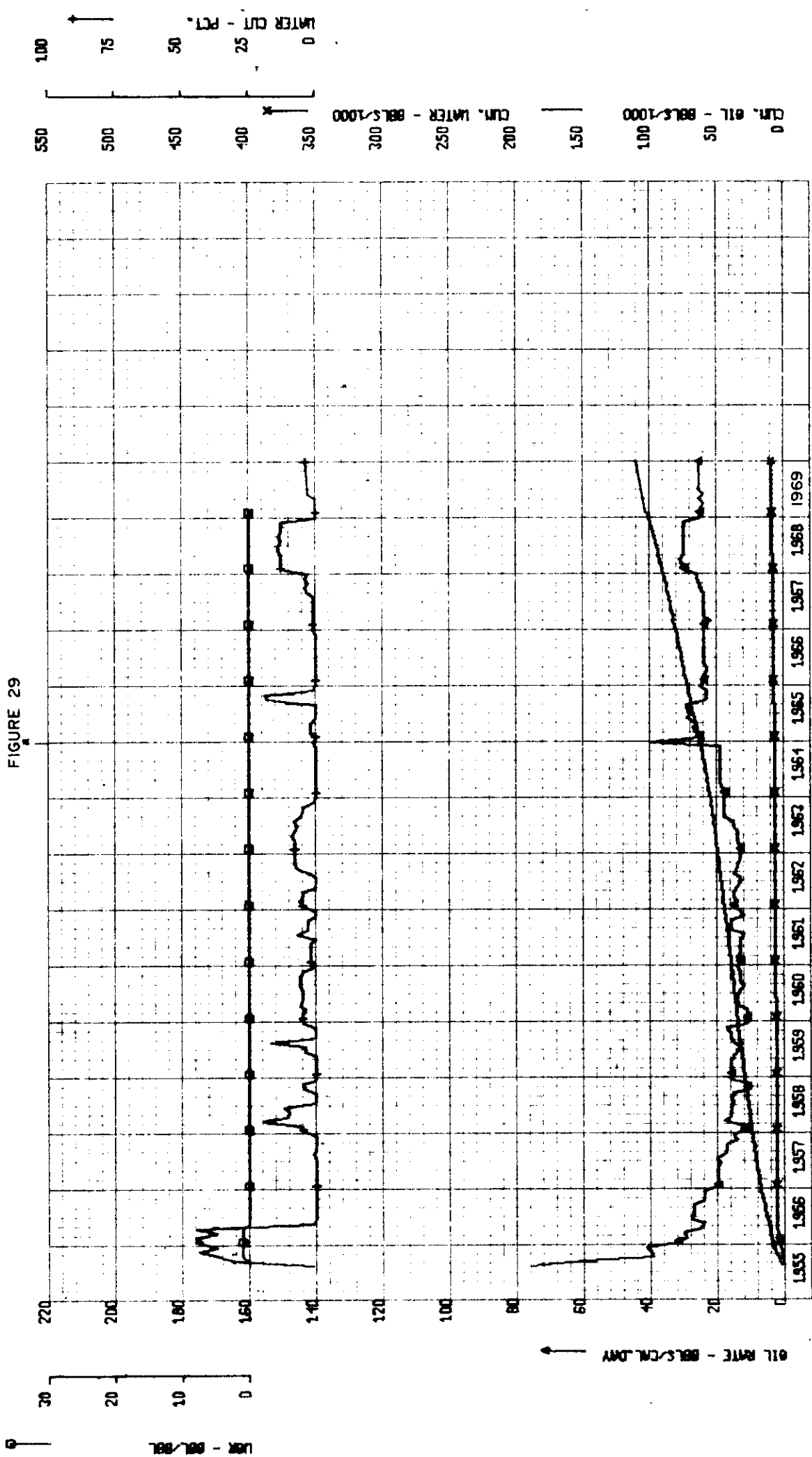
* 1,233,849

FIGURE 28

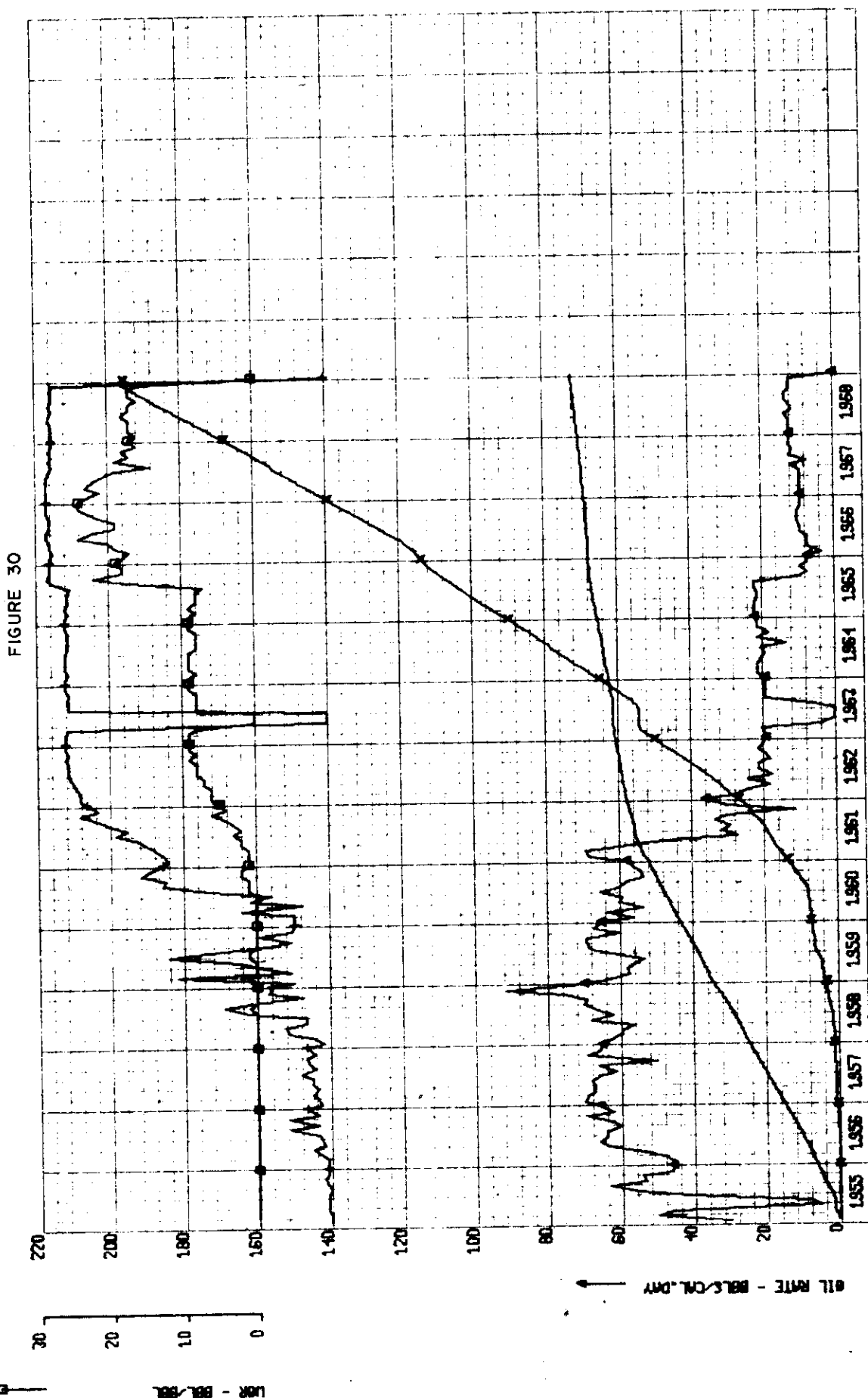


N.U. SCALLION UNIT 13-15-011-26-W1

FIGURE 29

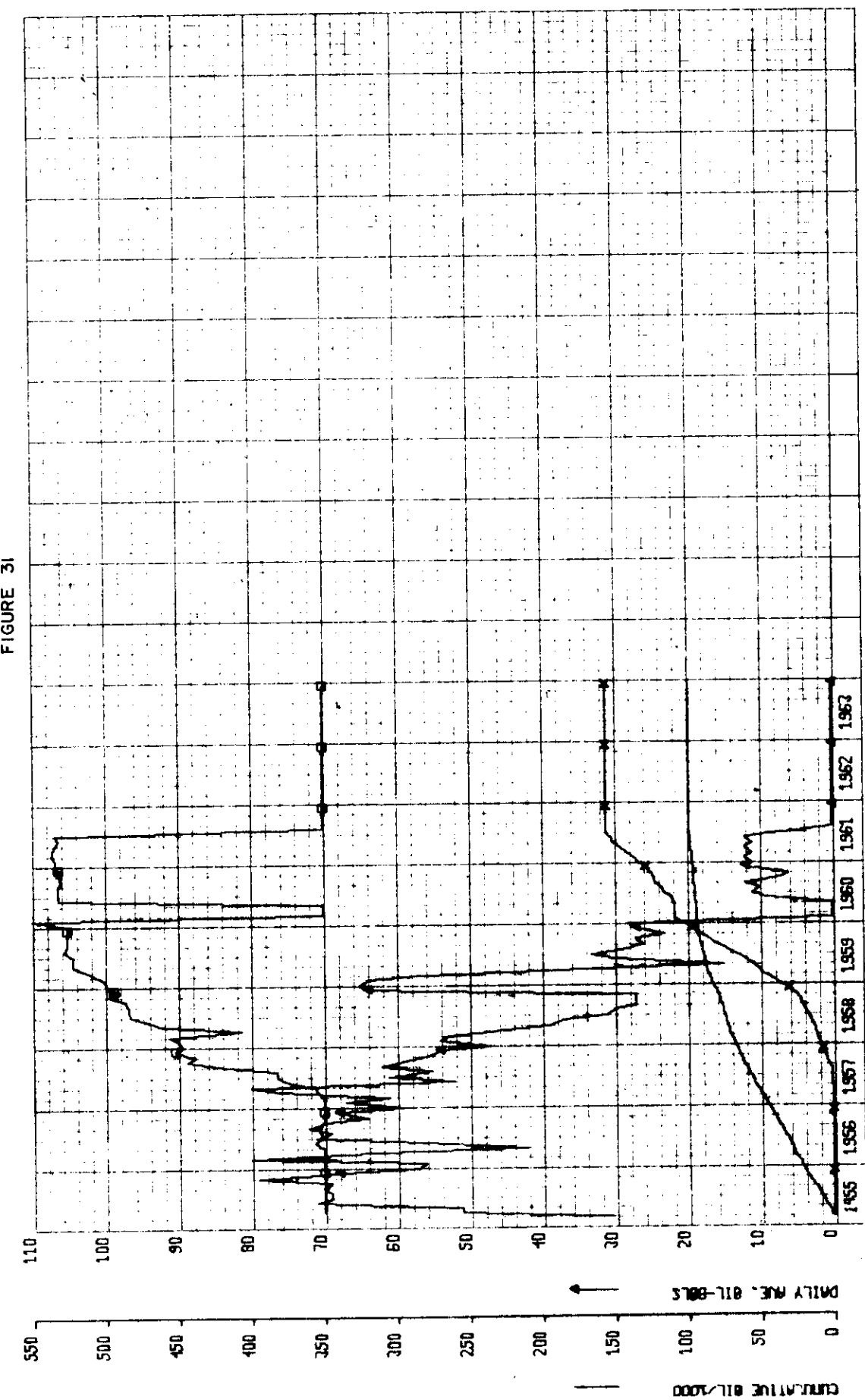


N.U. SCALLION UNIT 07-16-011-26-W1



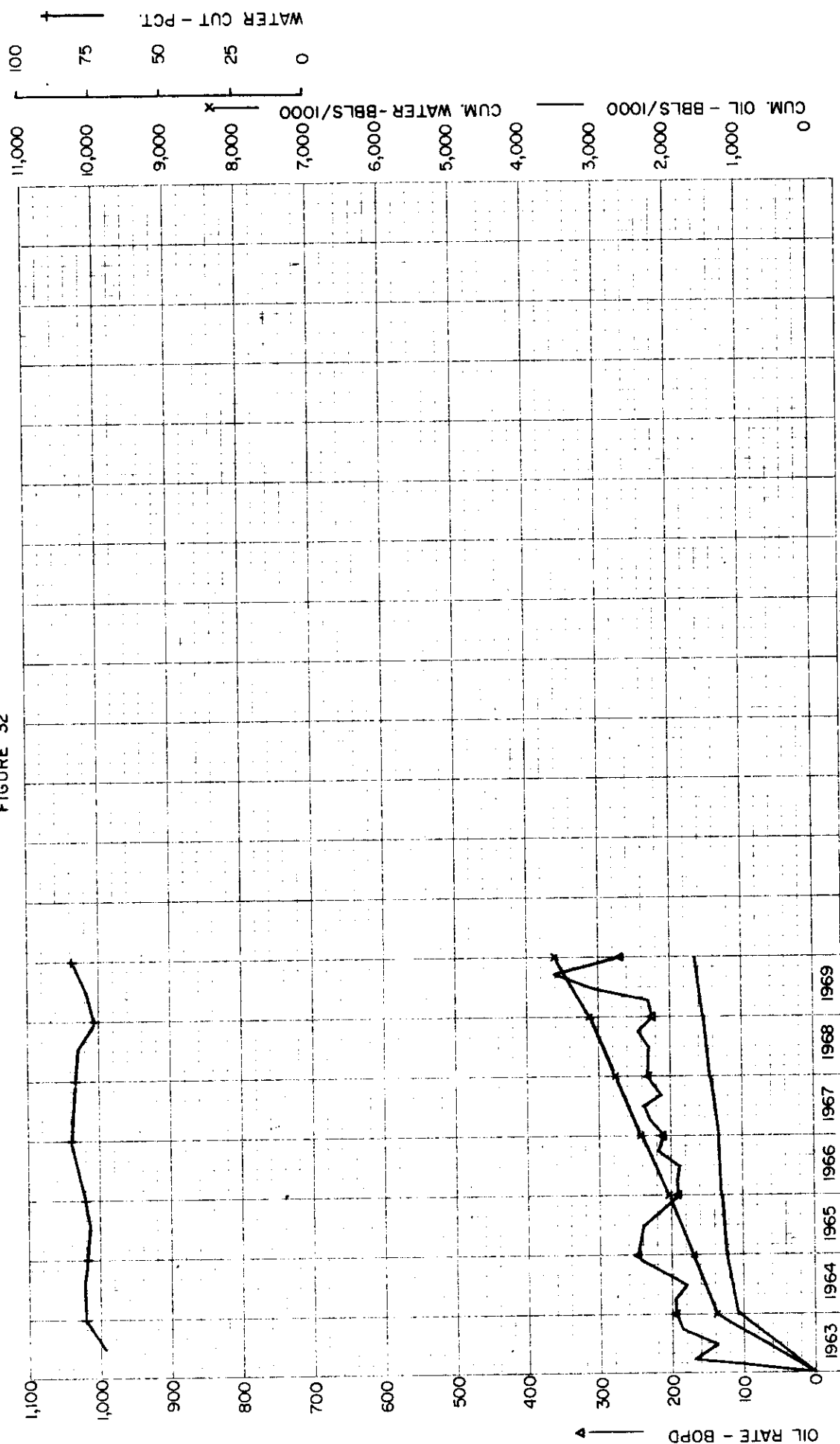
N.O.U. UNIT 10-16-011-26-W1

FIGURE 31



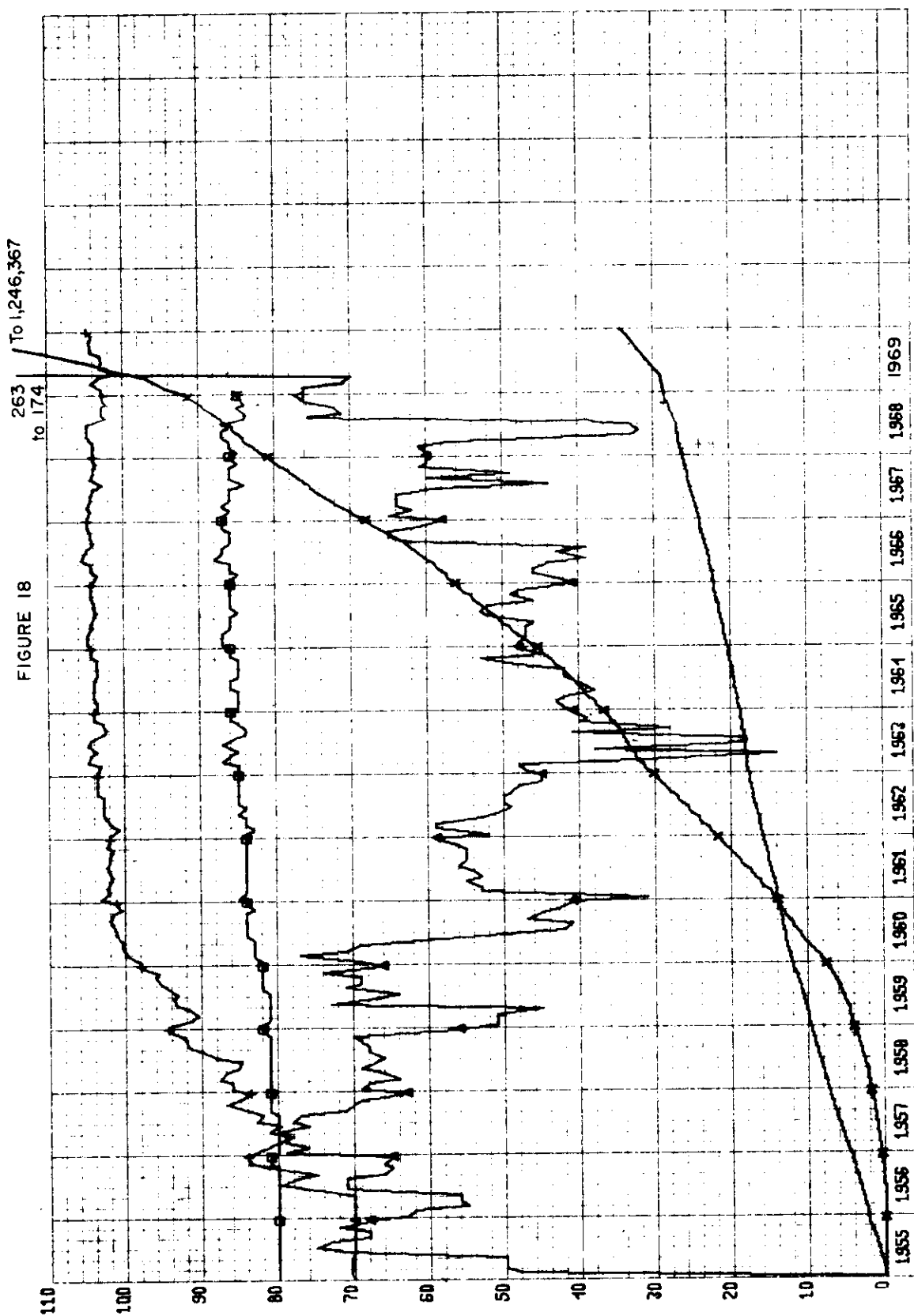
COMPOSITE OF CASE C(b) WELLS EXCLUDING 9-16-11-26

FIGURE 32



N.V. SCALLION UNIT 05-15-011-26-W1

FIGURE 18



30 20 10 0

WATER CUT - PCT.

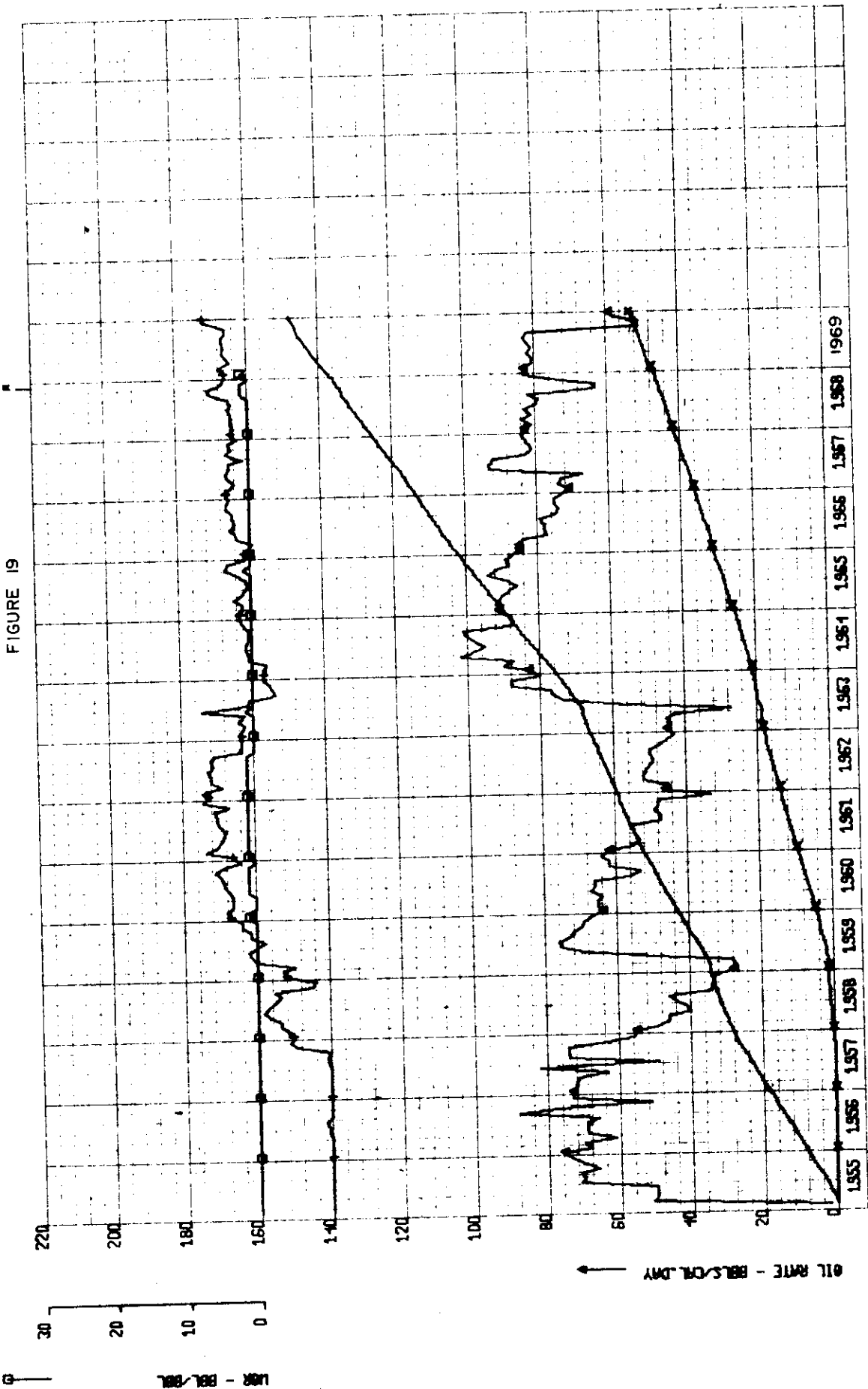
1100 1000 900 800 700

Cum. OIL - BBL/1000

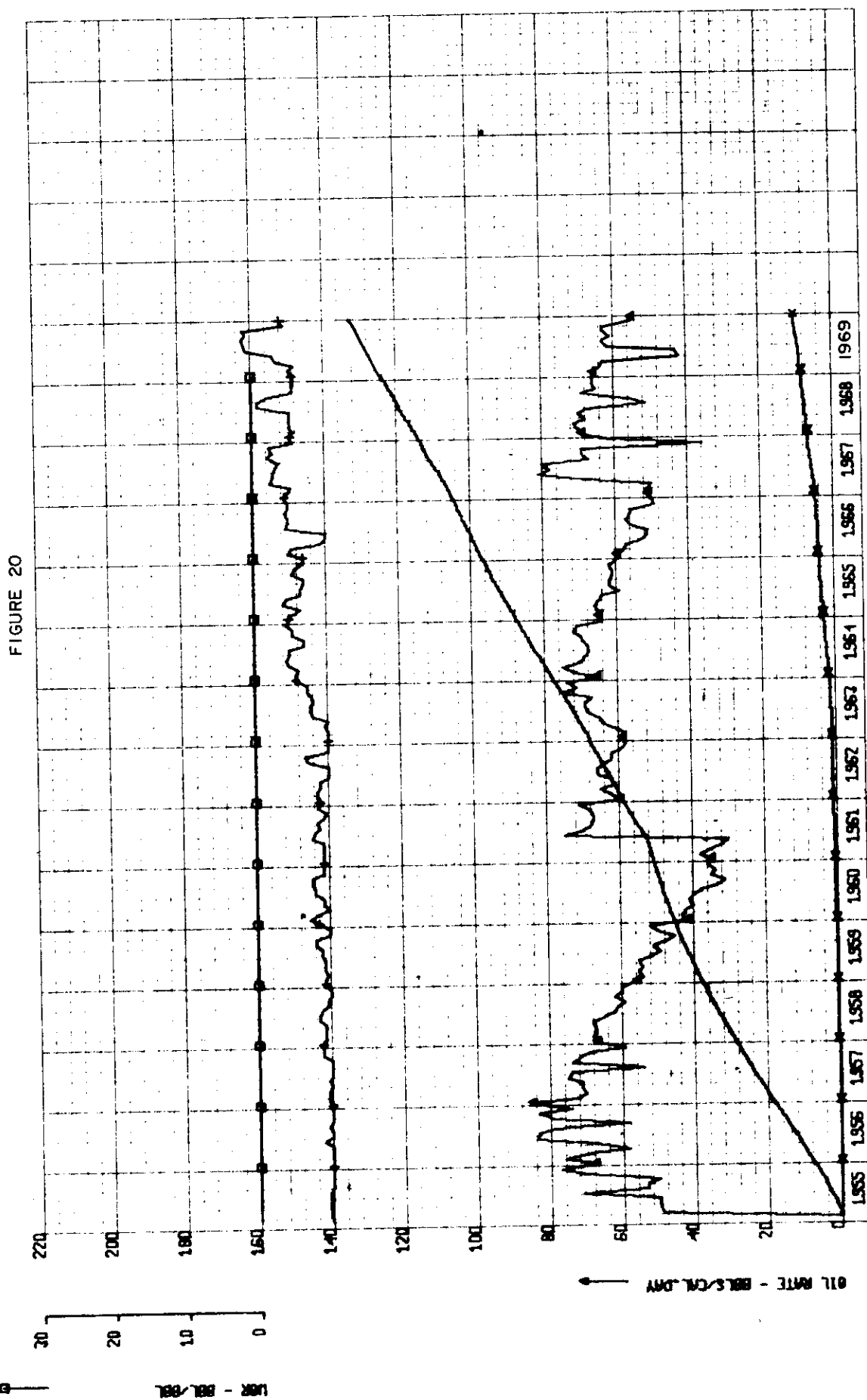
Cum. WATER - BBL/1000

OIL RATE - BBL/CAL.DAY

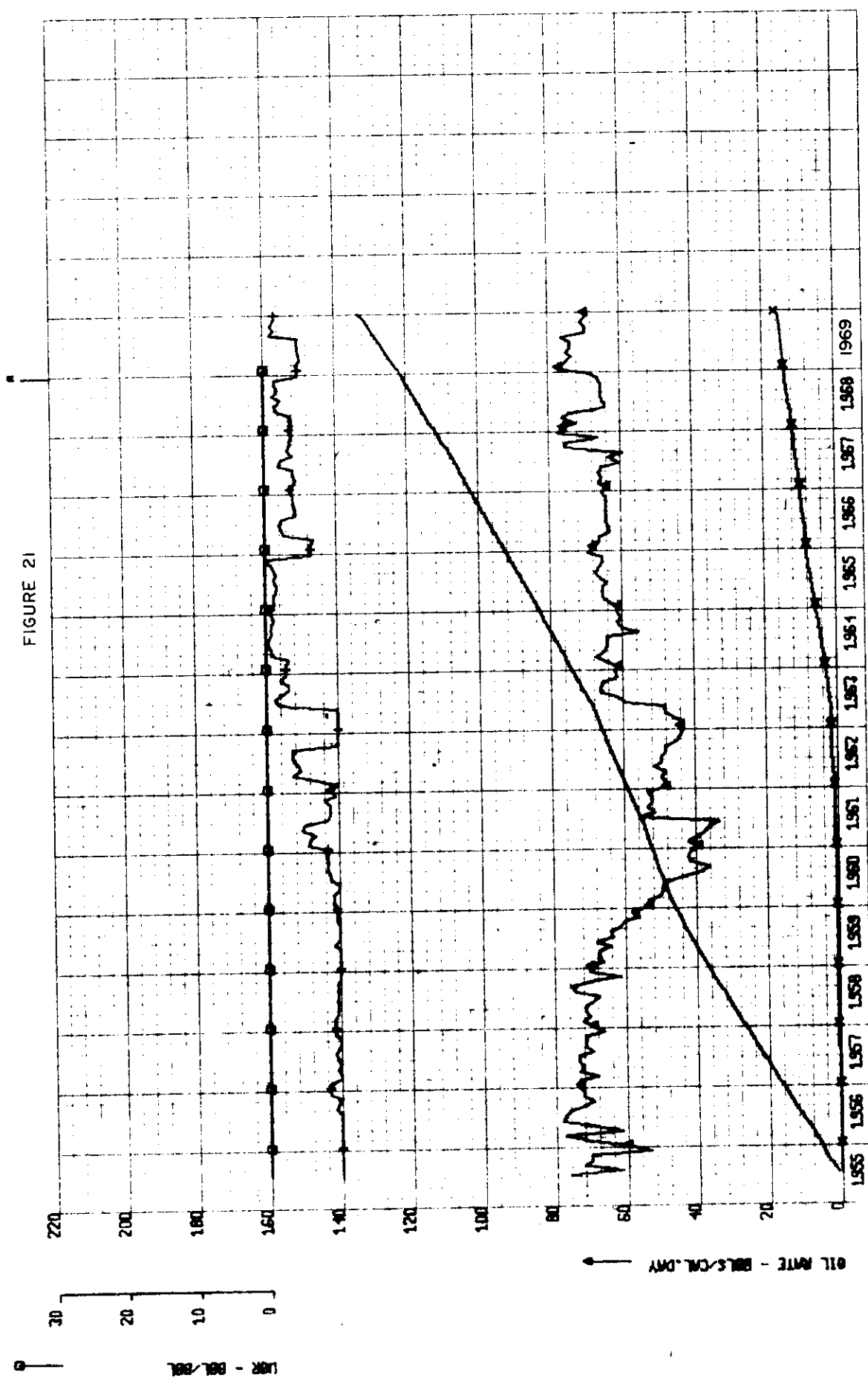
N.U. SCALLION UNIT 03-15-011-26-W1



N.V. SCALLION UNIT 04-15-011-26-W1

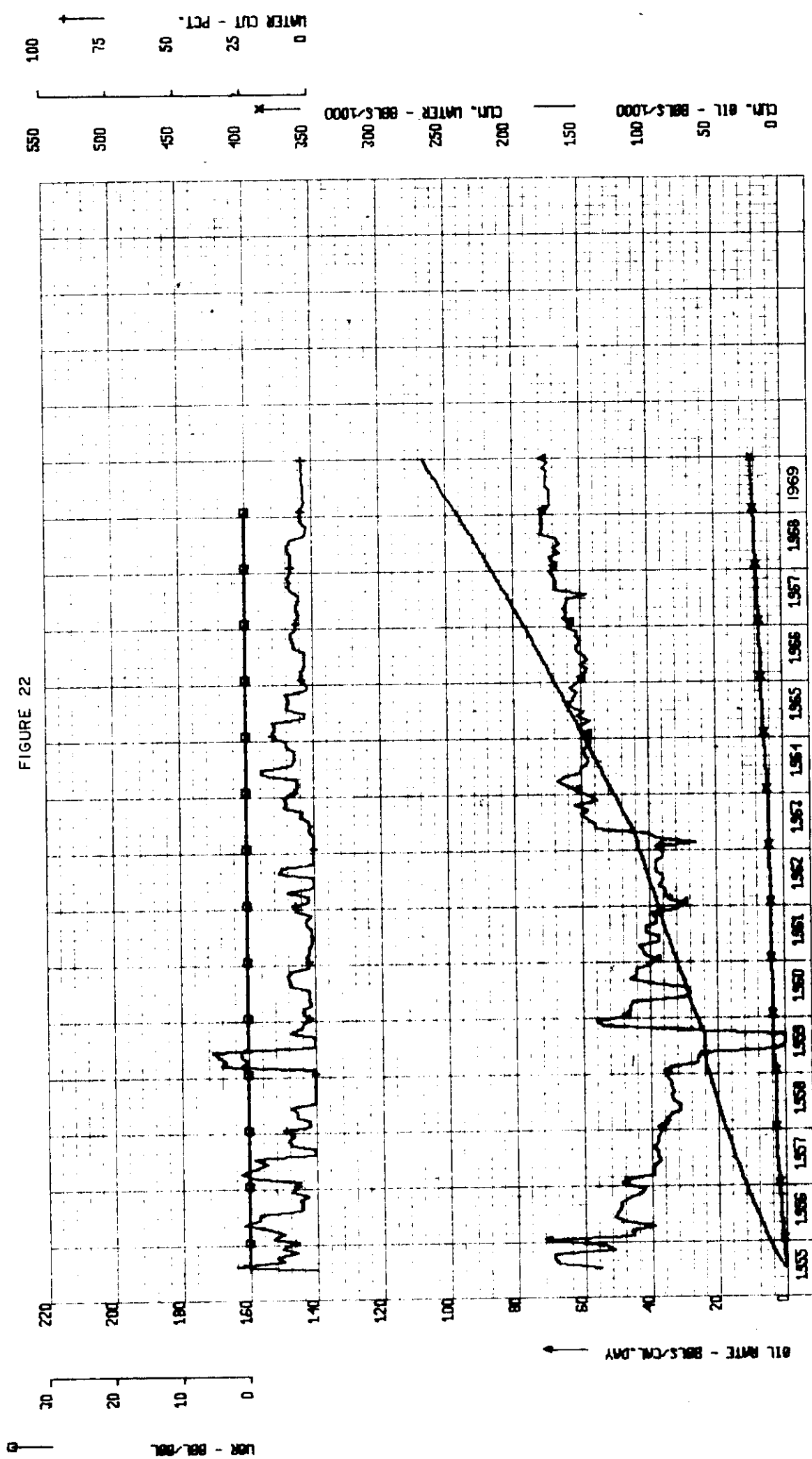


N.U. SCALLION UNIT
06-15-011-26-W1



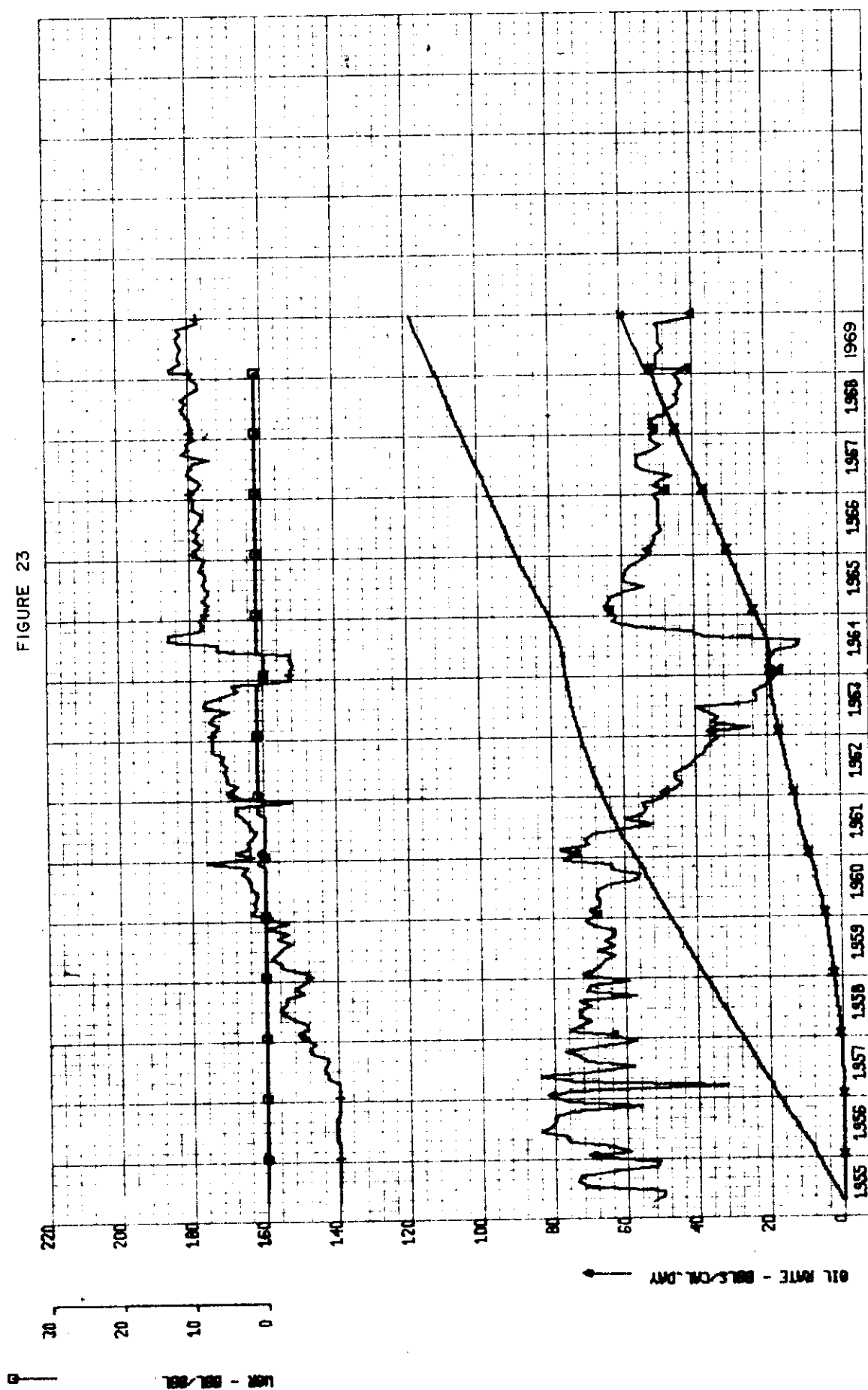
N.U. SCALLION UNIT
11-15-011-26-W1

FIGURE 22



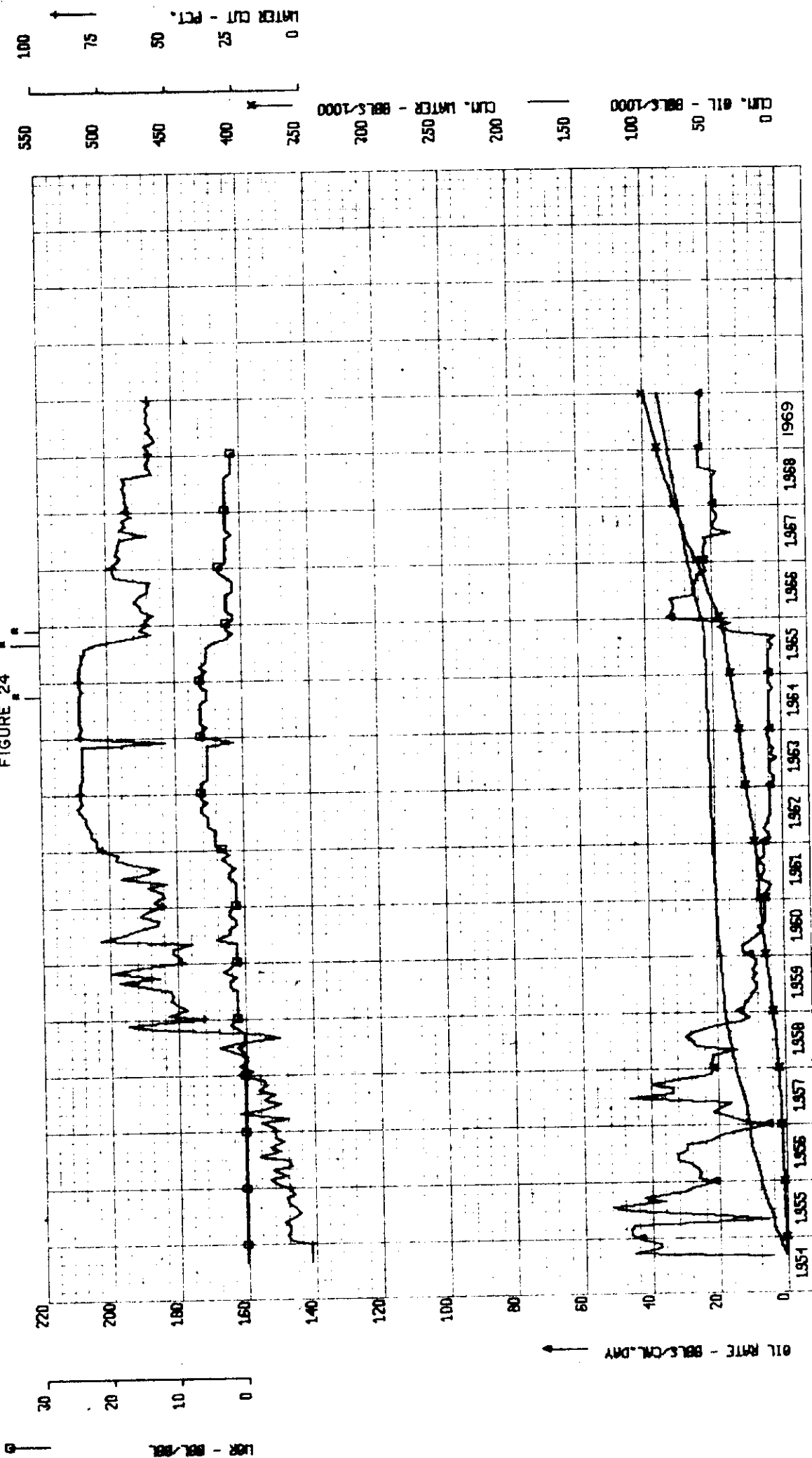
N.U. SCALLION UNIT 12-15-011-26-W1

FIGURE 23



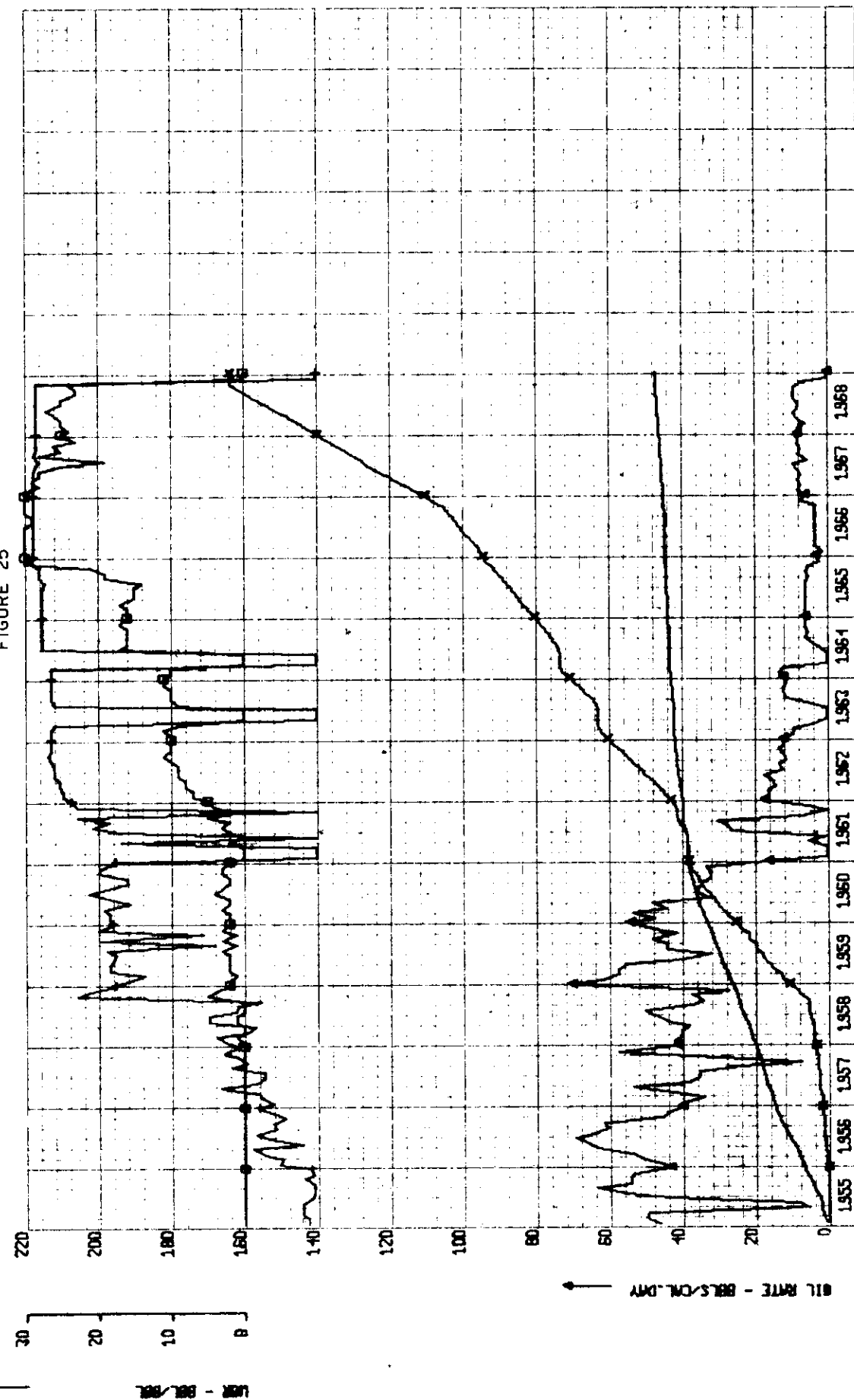
N.V. SCALLION UNIT 01-16-011-26-W1

FIGURE 24

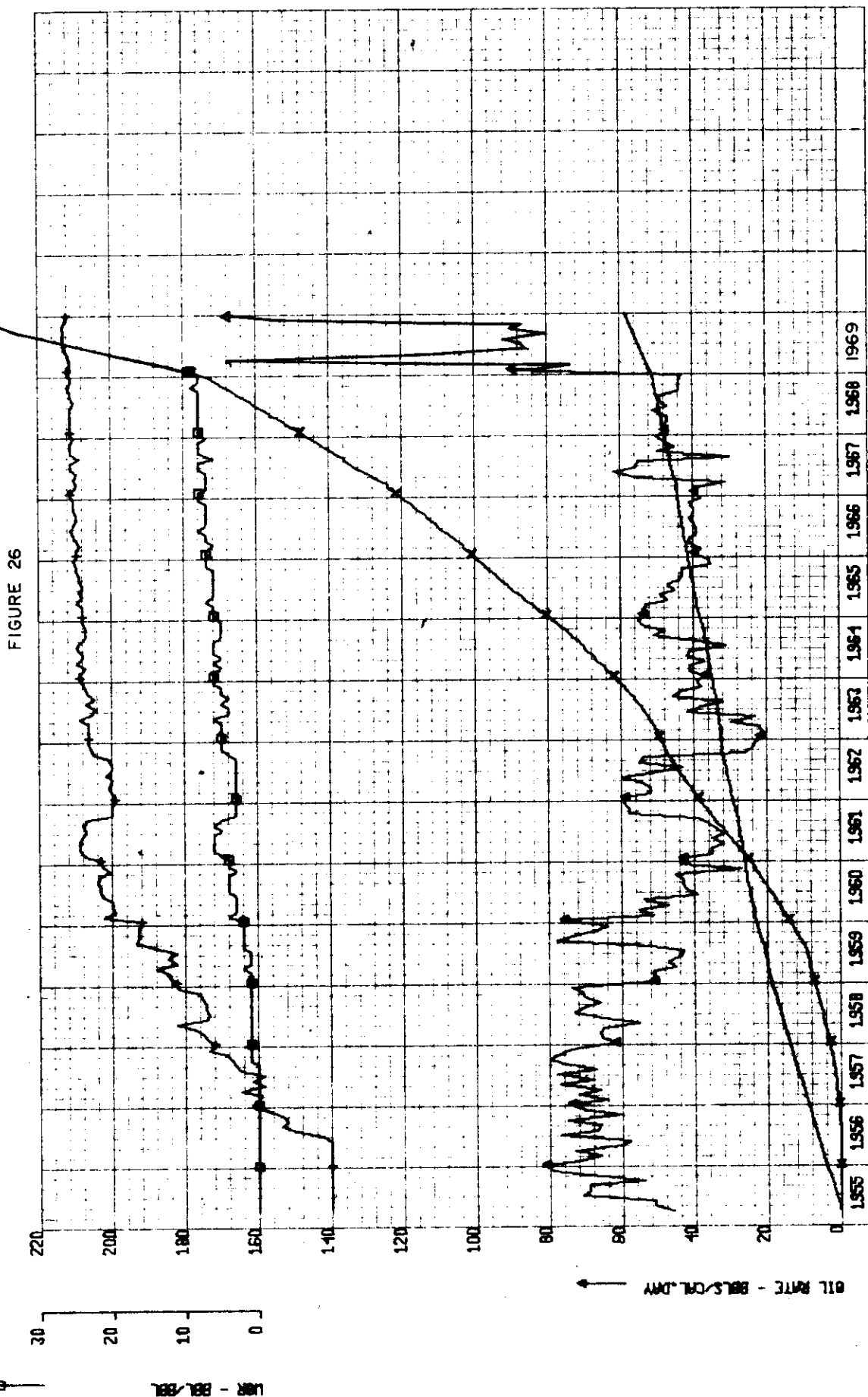


N.V. SCALLION UNIT 08-16-011-26-W1

FIGURE 25

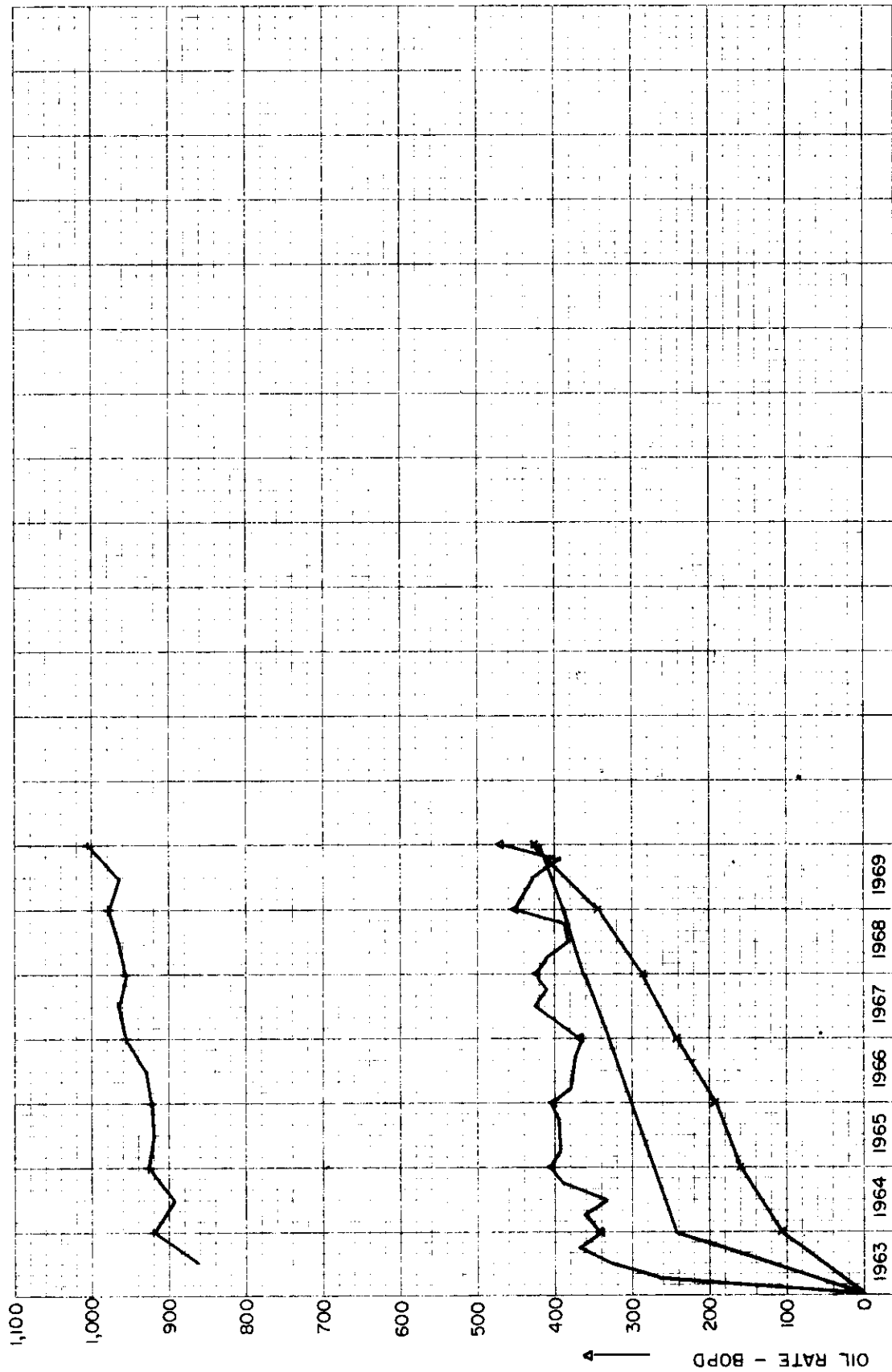


N.U. SCALLION UNIT
09-16-011-26-W1



COMPOSITE OF CASE C(a) WELLS EXCLUDING 5-15-11-26

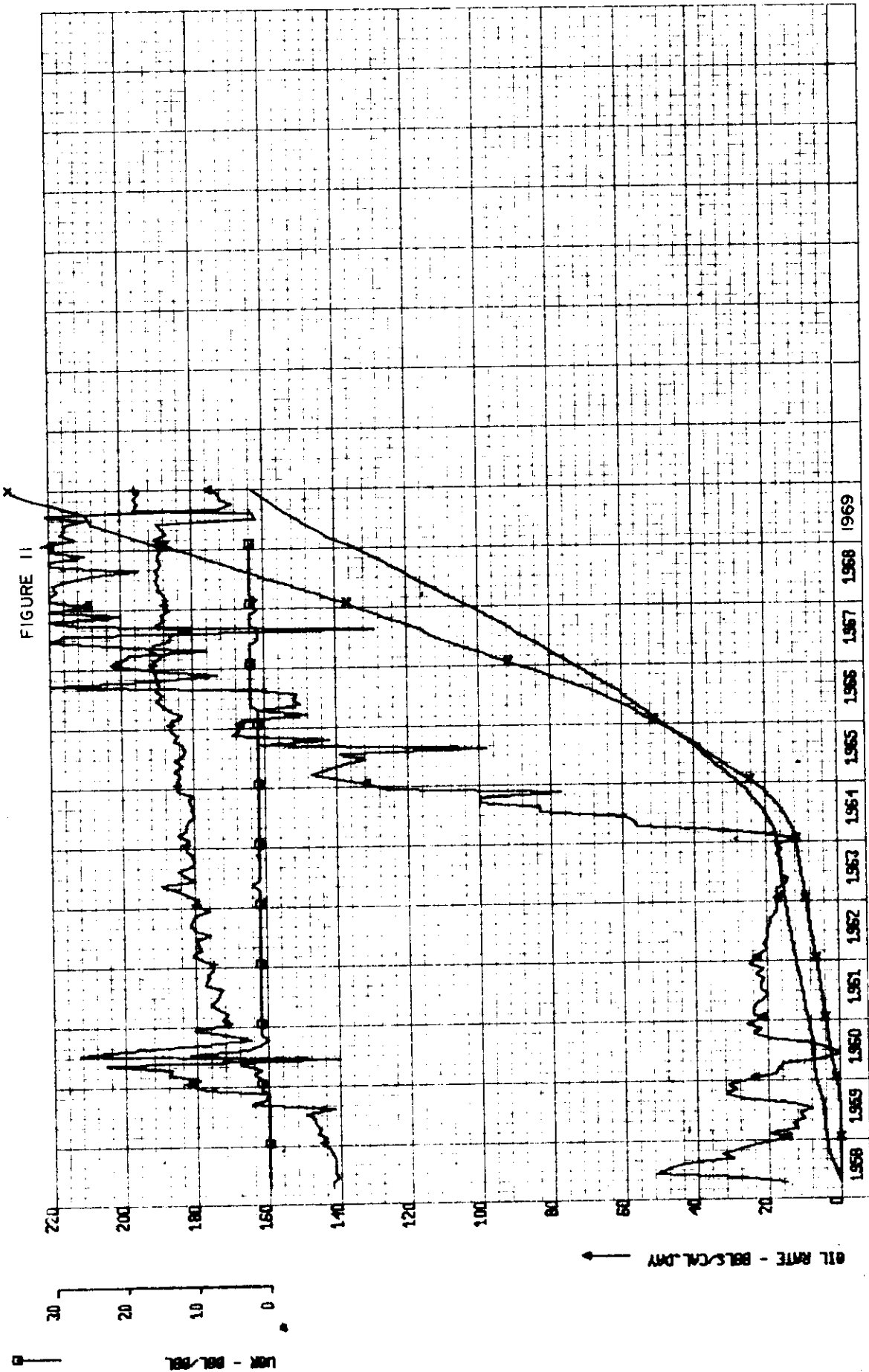
FIGURE 27



CASE C(a) - EXAMPLE CASE LSD. 5-15-11-26

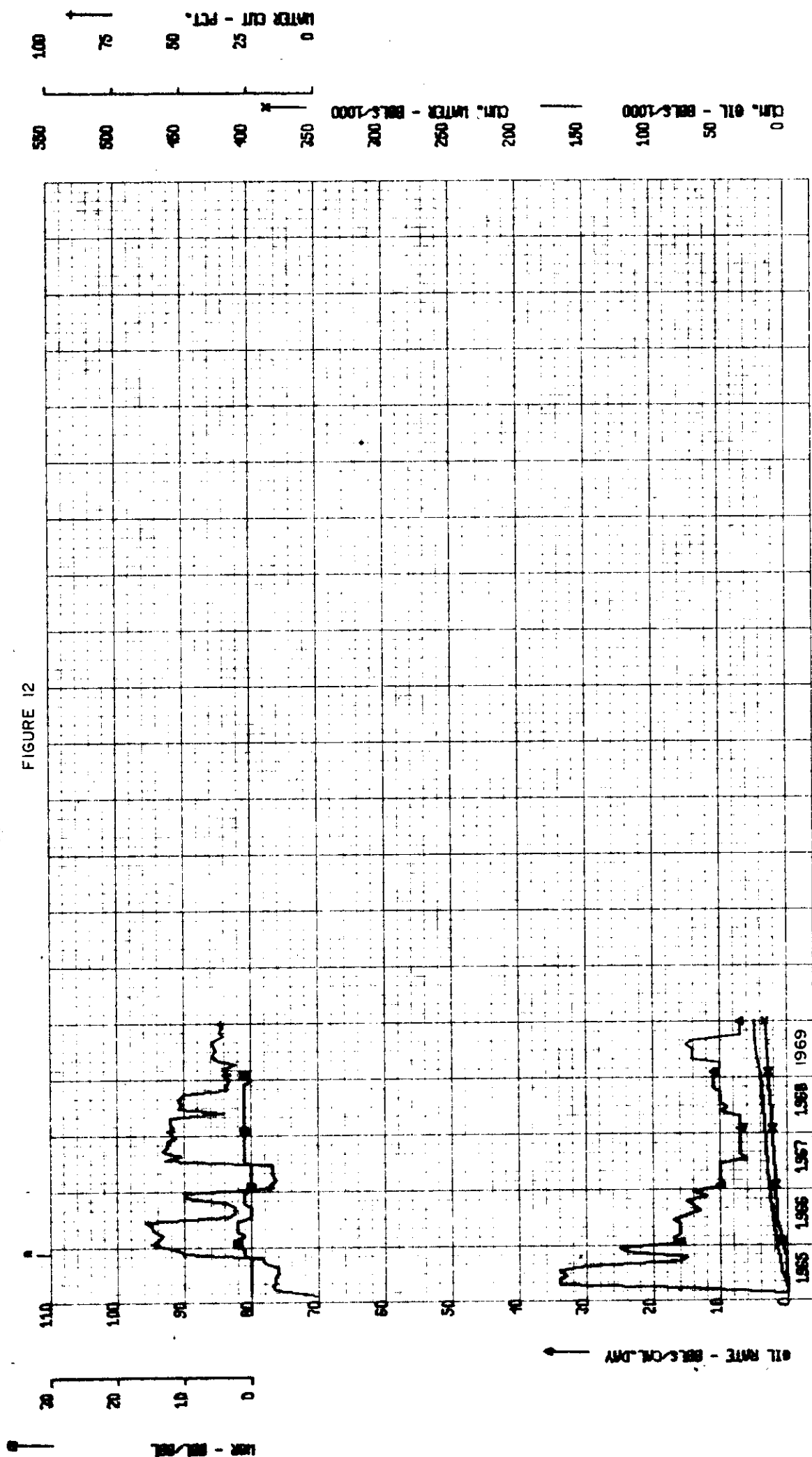
- Figure 18 - Lsd. 5-15-11-26 - high volume producer
- Figure 19 - Lsd. 3-15-11-26
- Figure 20 - Lsd. 4-15-11-26
- Figure 21 - Lsd. 6-15-11-26
- Figure 22 - Lsd. 11-15-11-26
- Figure 23 - Lsd. 12-15-11-26
- Figure 24 - Lsd. 1-16-11-26
- Figure 25 - Lsd. 8-16-11-26
- Figure 26 - Lsd. 9-16-11-26
- Figure 27 - Composite of Figure Nos. 19 to 26 inclusive

N.V. SCALLION UNIT 09-14-011-26-W1



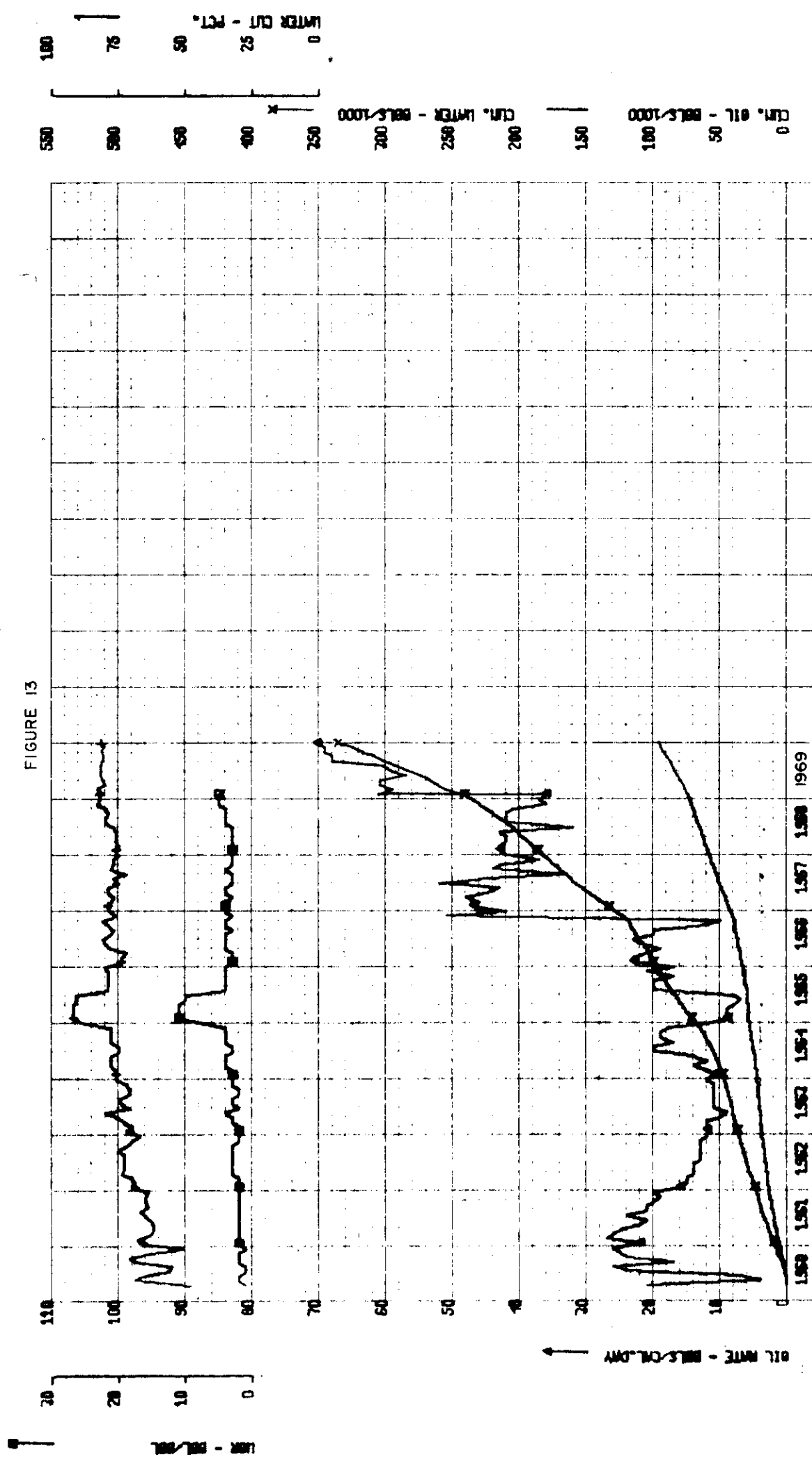
N.V. SCALLION UNIT 07A-14-011-26-W1

FIGURE 12



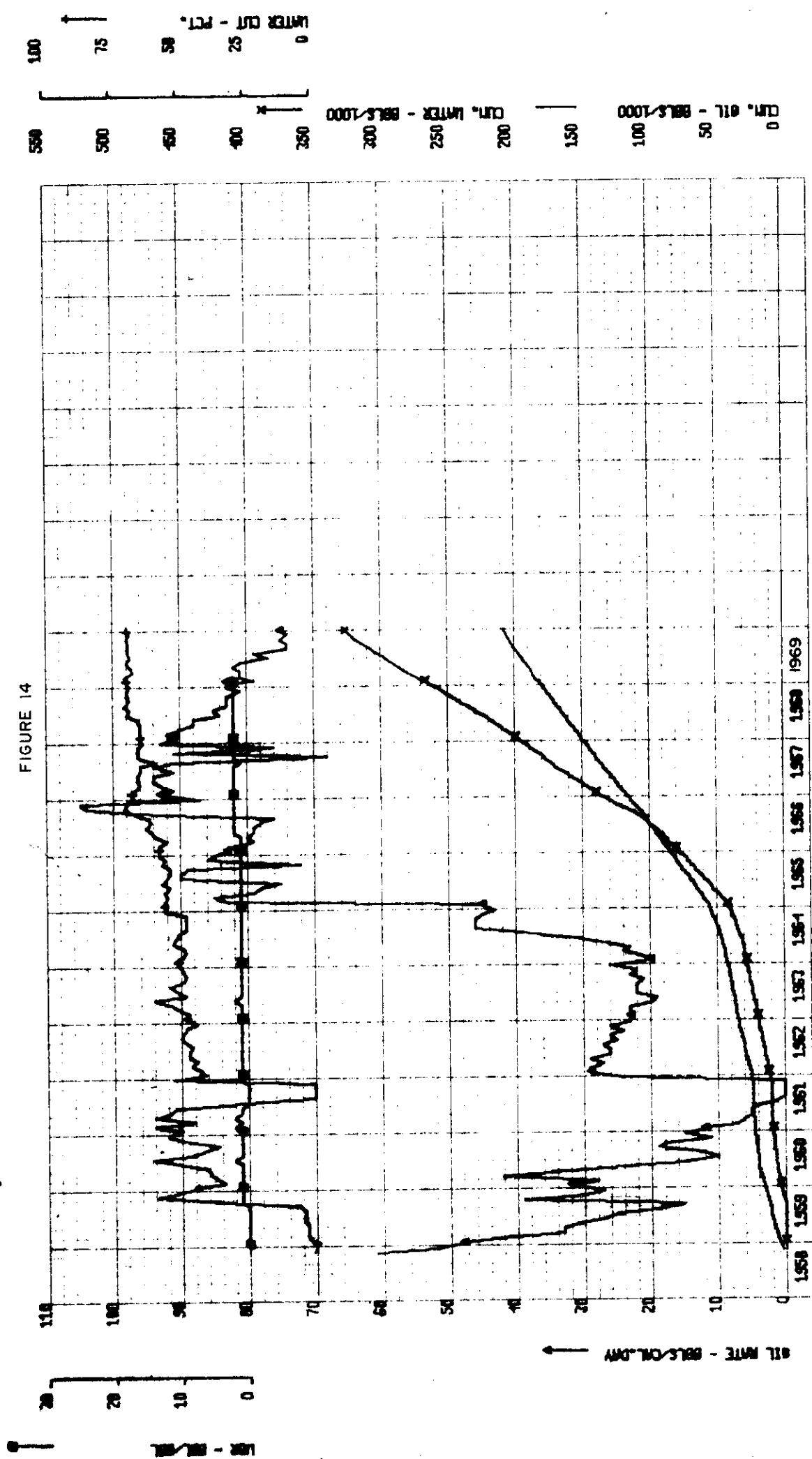
N.V. SCALLION UNIT 15-14-011-26-W1

FIGURE 13

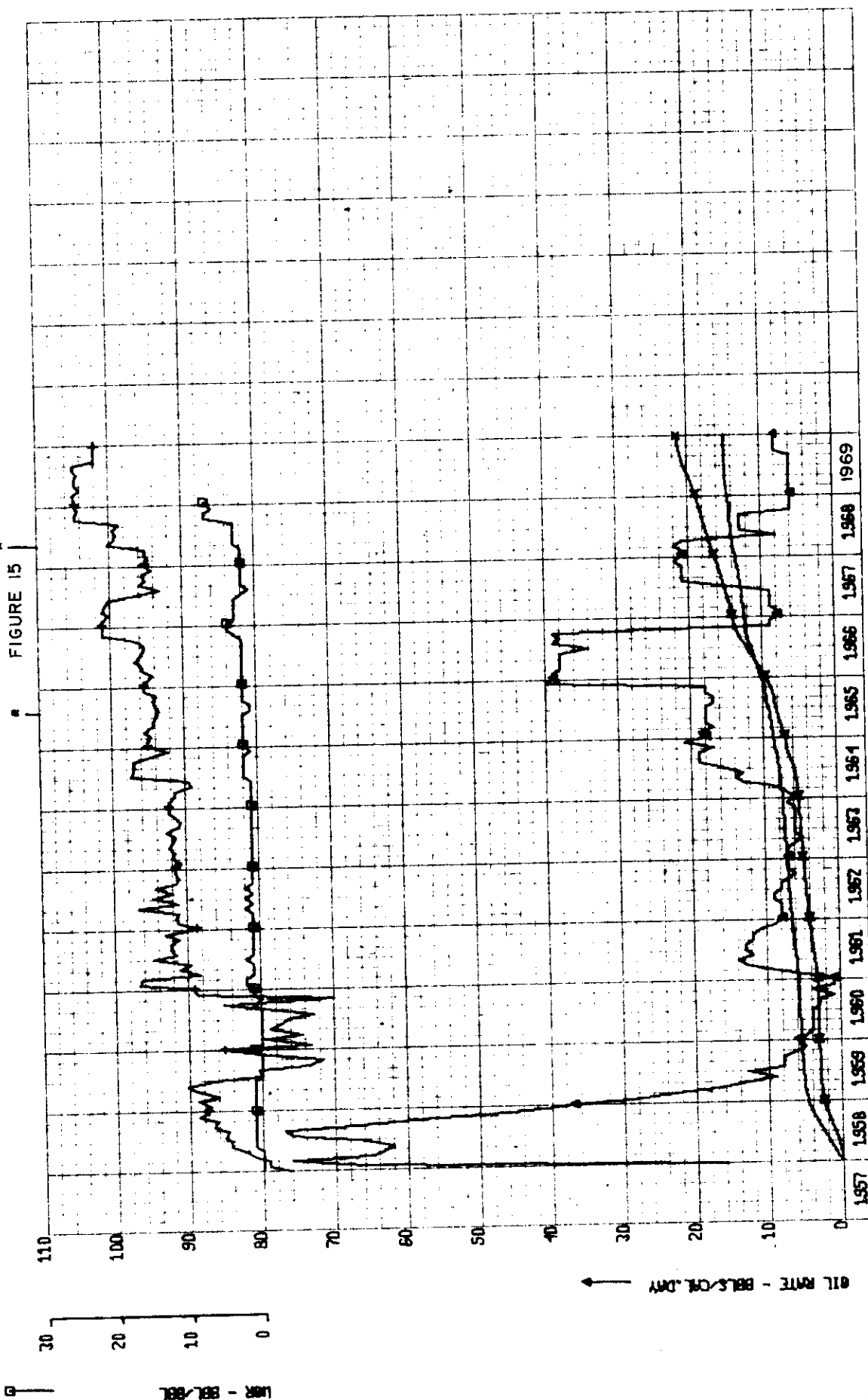


N.V. SCALLION UNIT
16-14-011-26-W1

FIGURE 14

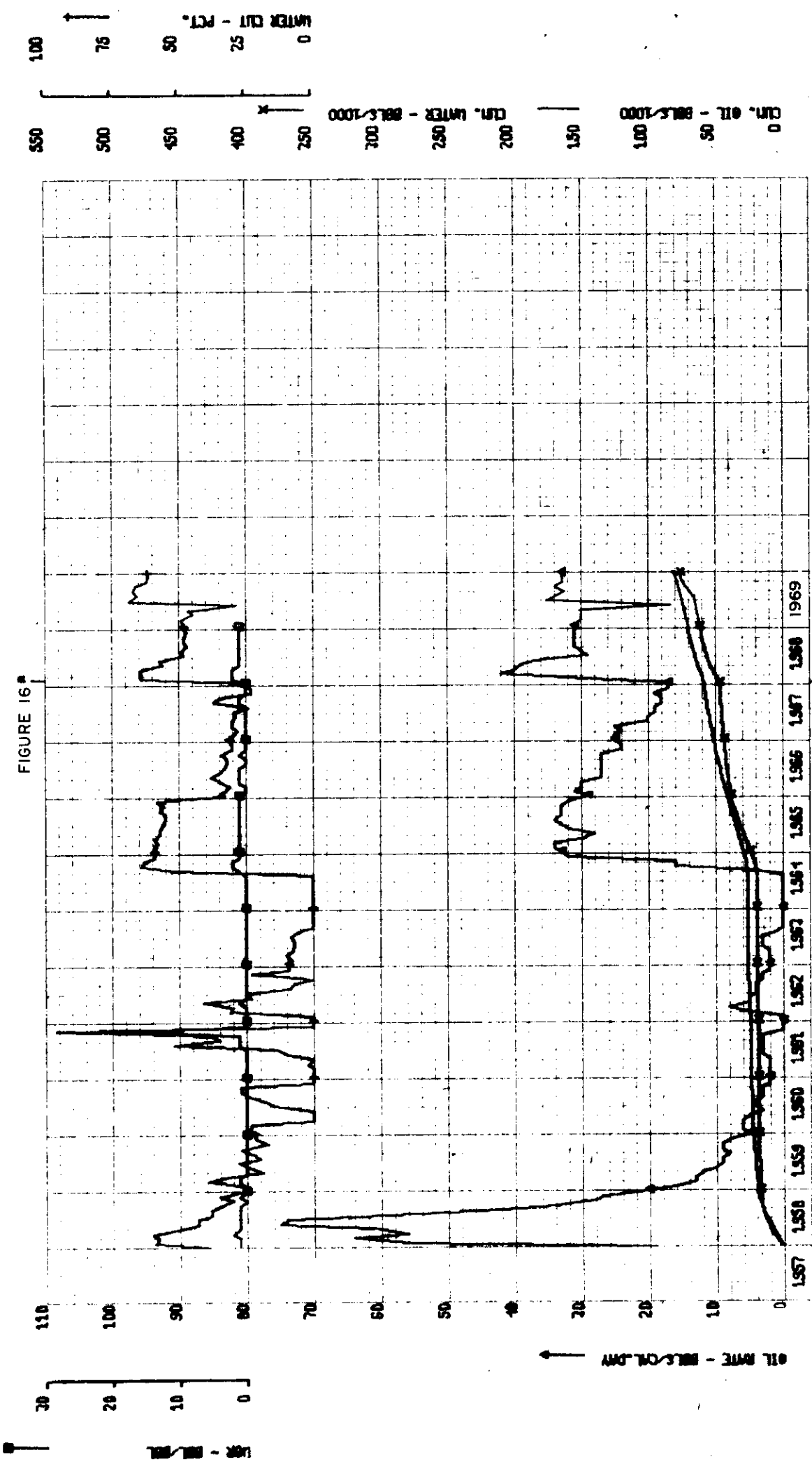


N.U. SCALLION UNIT 05-13-011-26-W1



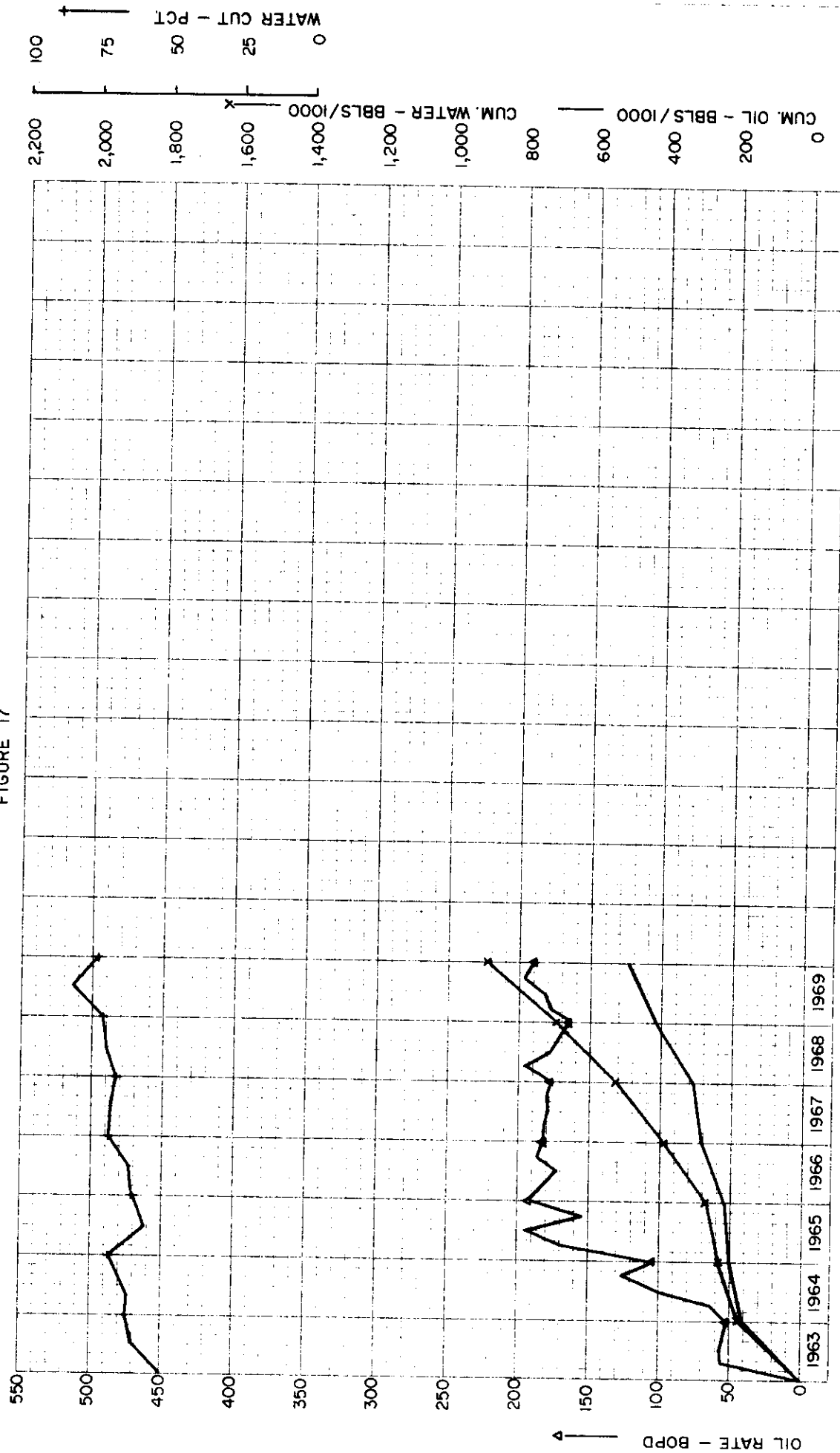
N.V. SCALLION UNIT 13-13-011-26-W1

FIGURE 16



COMPOSITE OF CASE B WELLS EXCLUDING 9-14-11-26

FIGURE 17

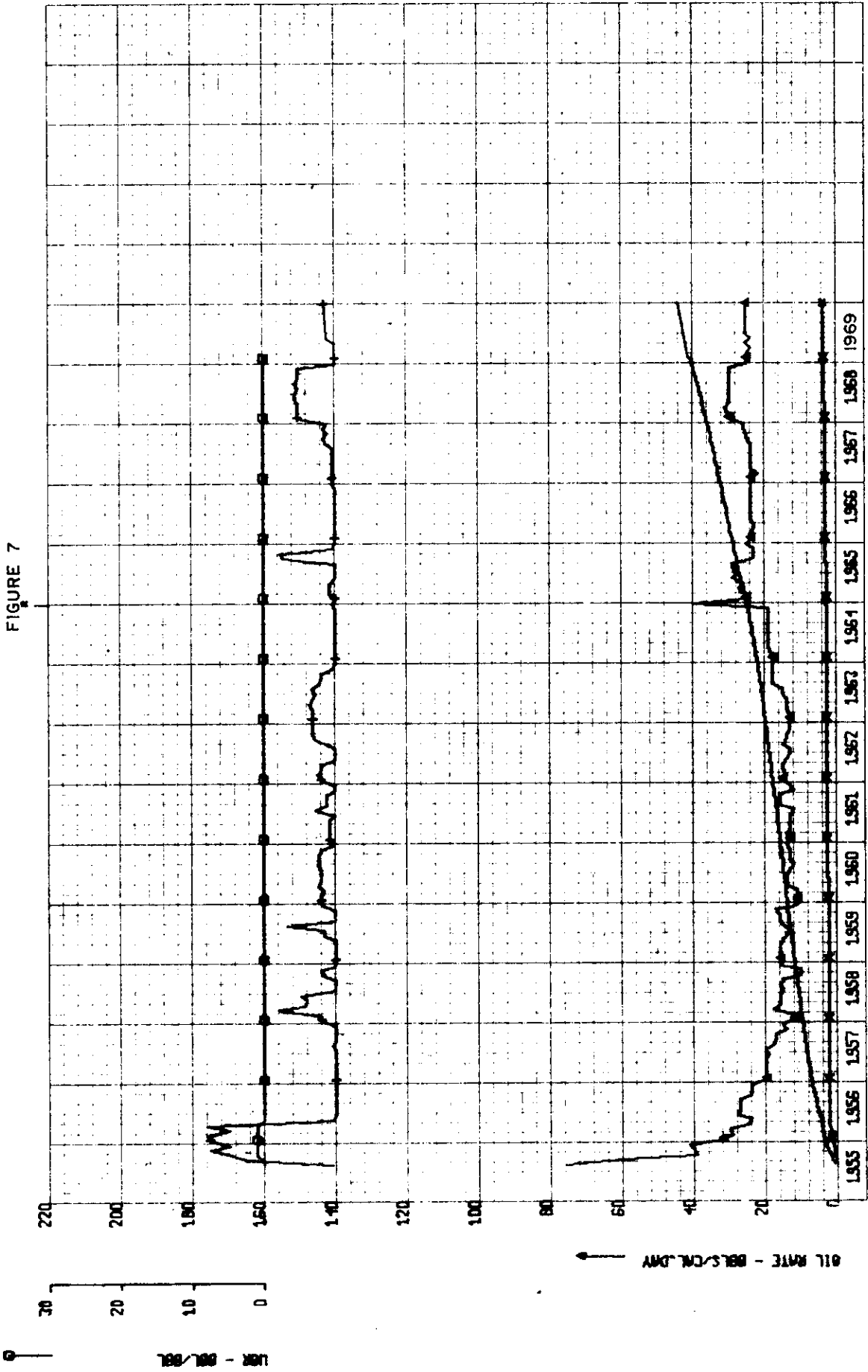


CASE B - EXAMPLE CASE LSD, 9-14-11-26

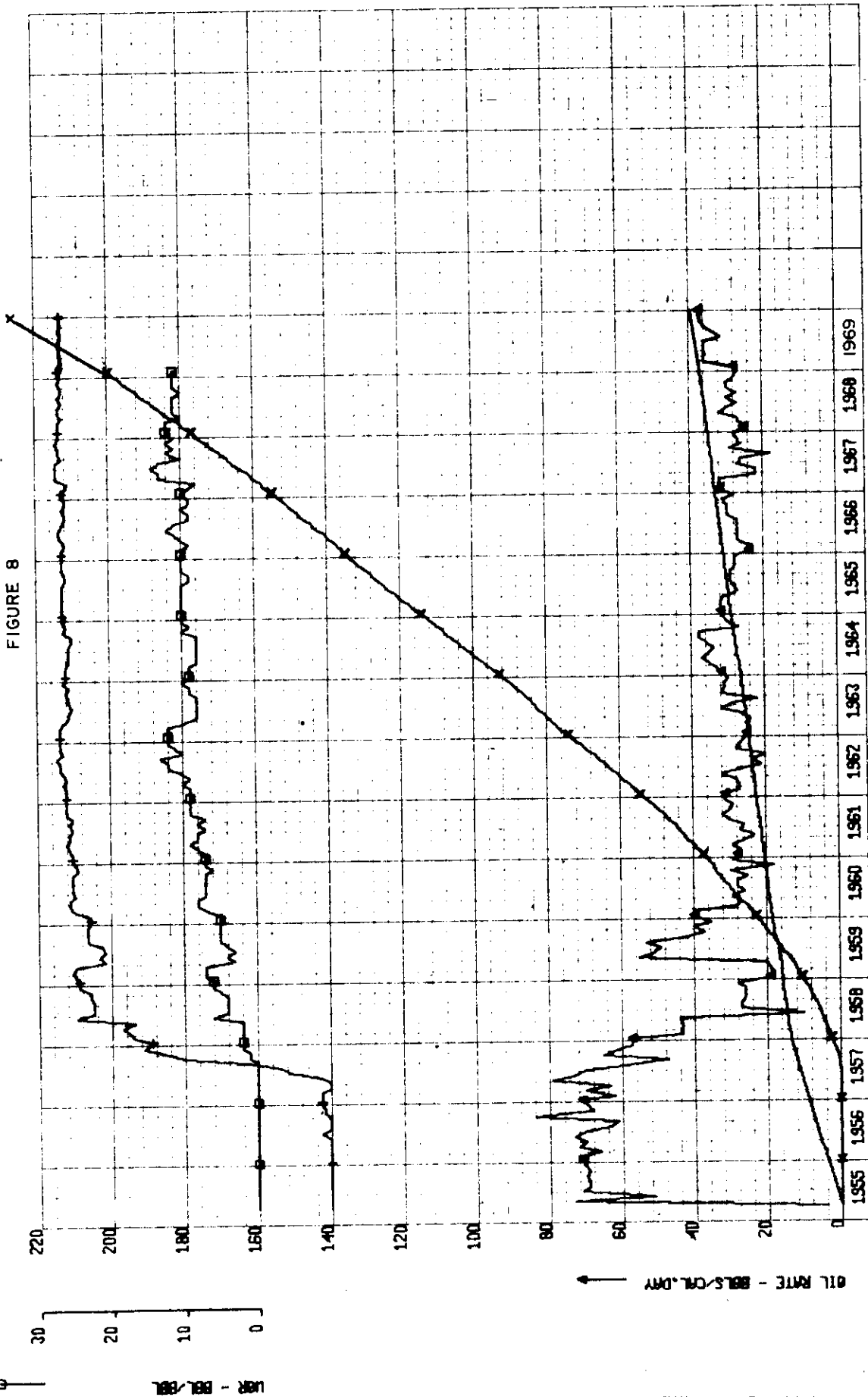
- Figure 11 - Lsd. 9-14-11-26 - high volume producer
- Figure 12 - Lsd. 7A-14-11-26
- Figure 13 - Lsd. 15-14-11-26
- Figure 14 - Lsd. 16-14-11-26
- Figure 15 - Lsd. 5-13-11-26
- Figure 16 - Lsd. 13-13-11-26
- Figure 17 - Composite of Figure Nos. 12 to 16 inclusive

N.U. SCALLION UNIT 13-15-011-26-W1

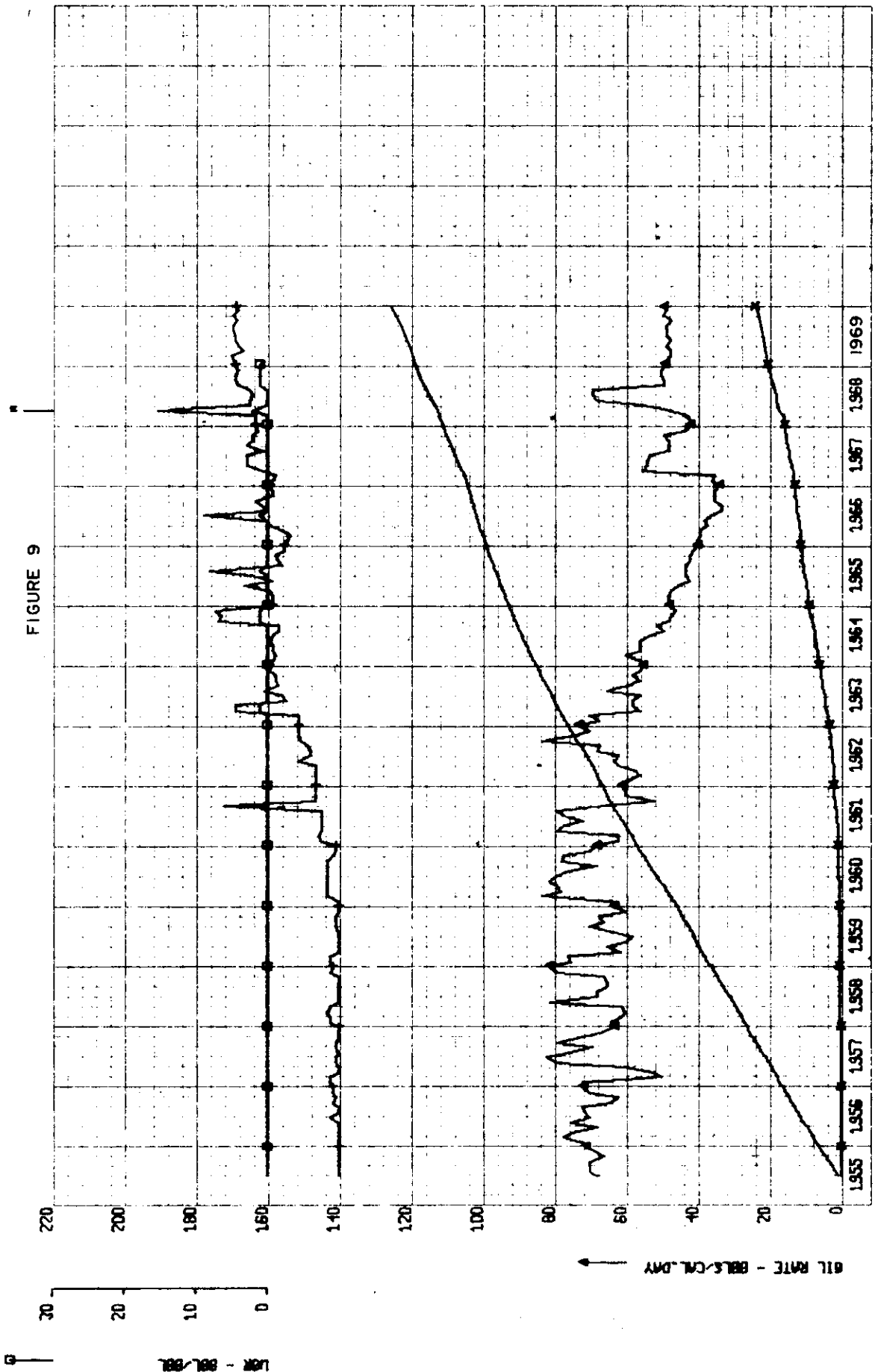
FIGURE 7



N.U. SCALLION UNIT 15-16-011-26-W1

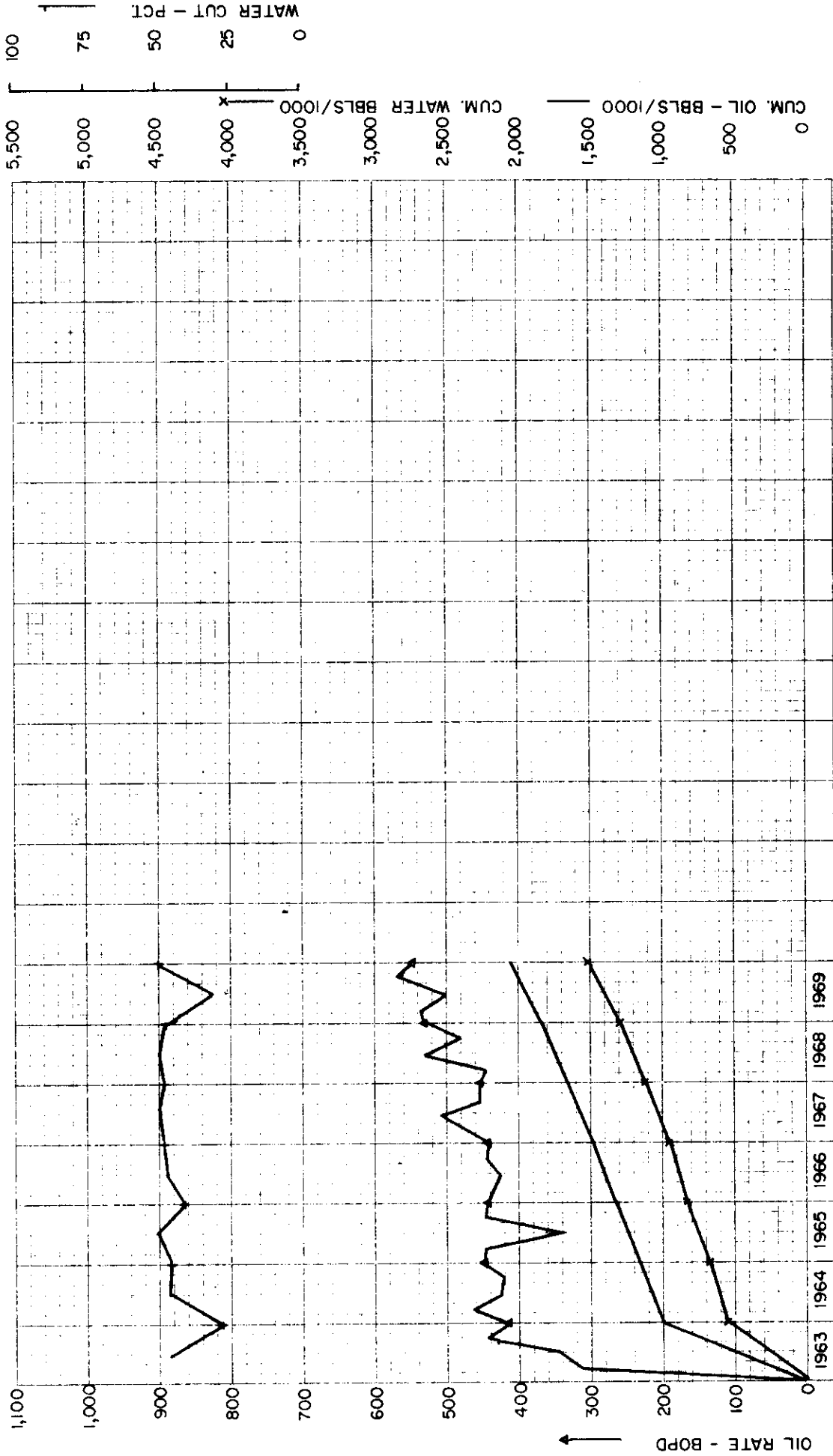


N.O. SCALLION UNIT
16-16-011-26-W1

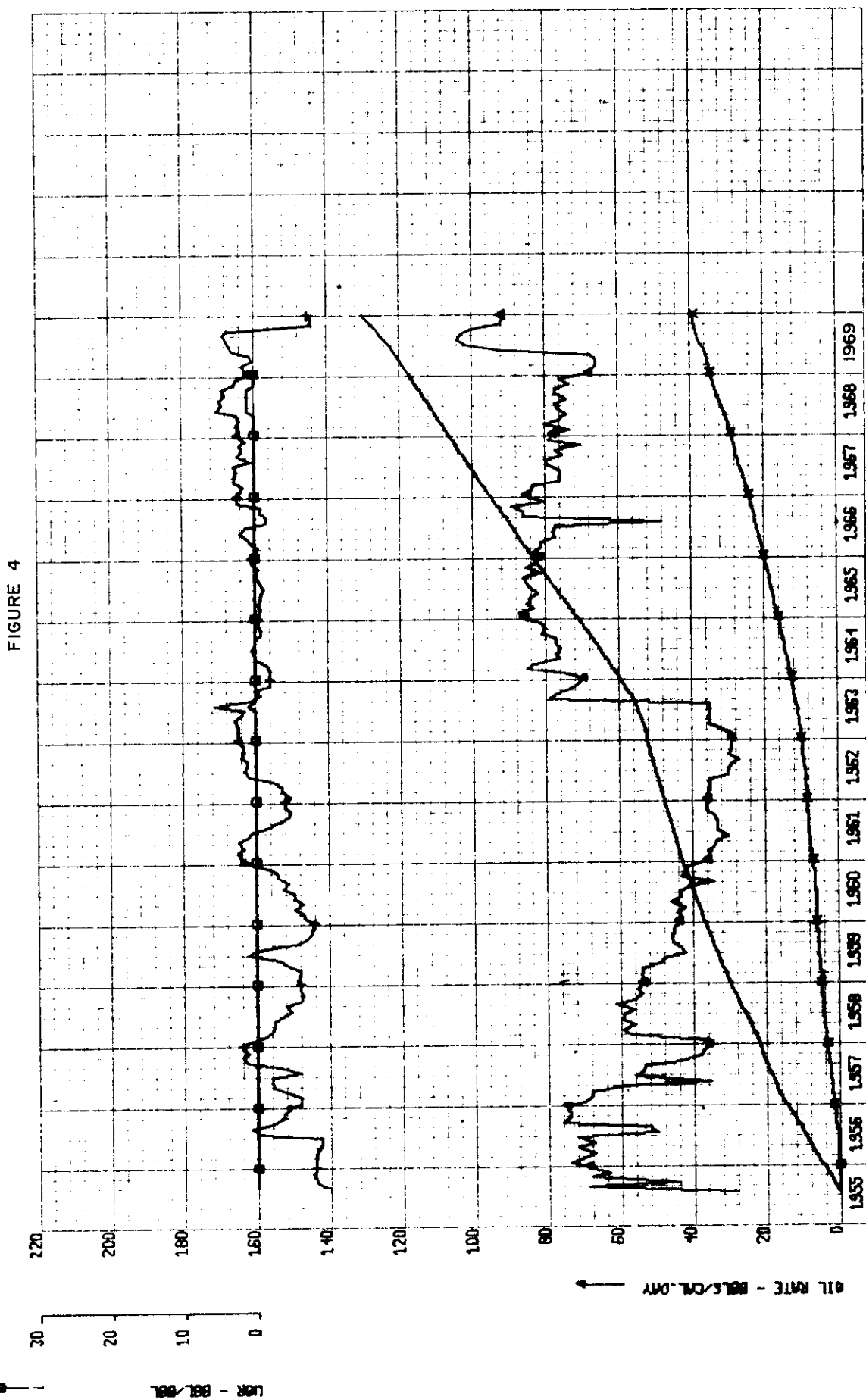


COMPOSITE OF CASE A WELLS EXCLUDING 1-21-11-26

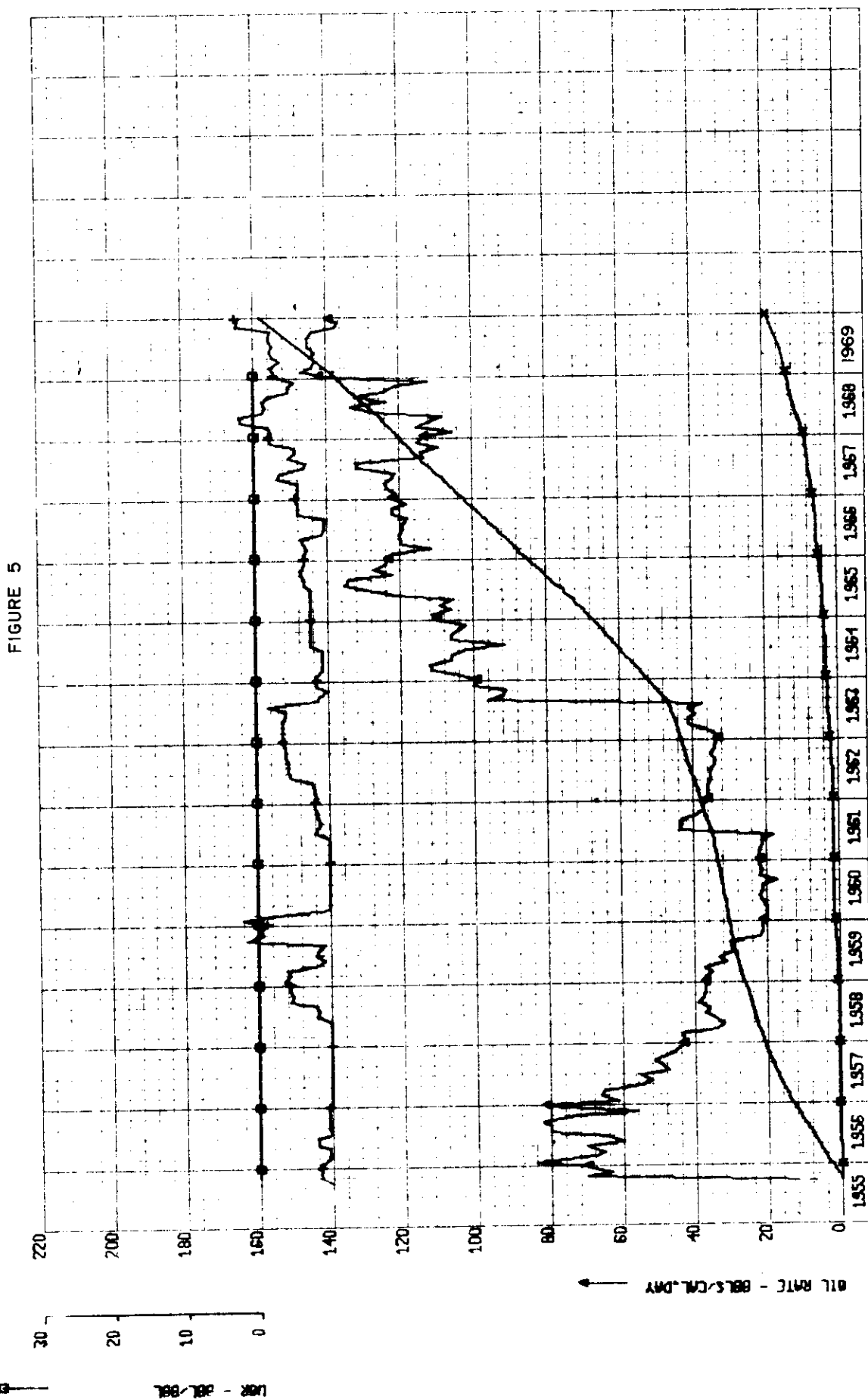
FIGURE 10



N. U. SCALLION UNIT 07-21-011-26-W1

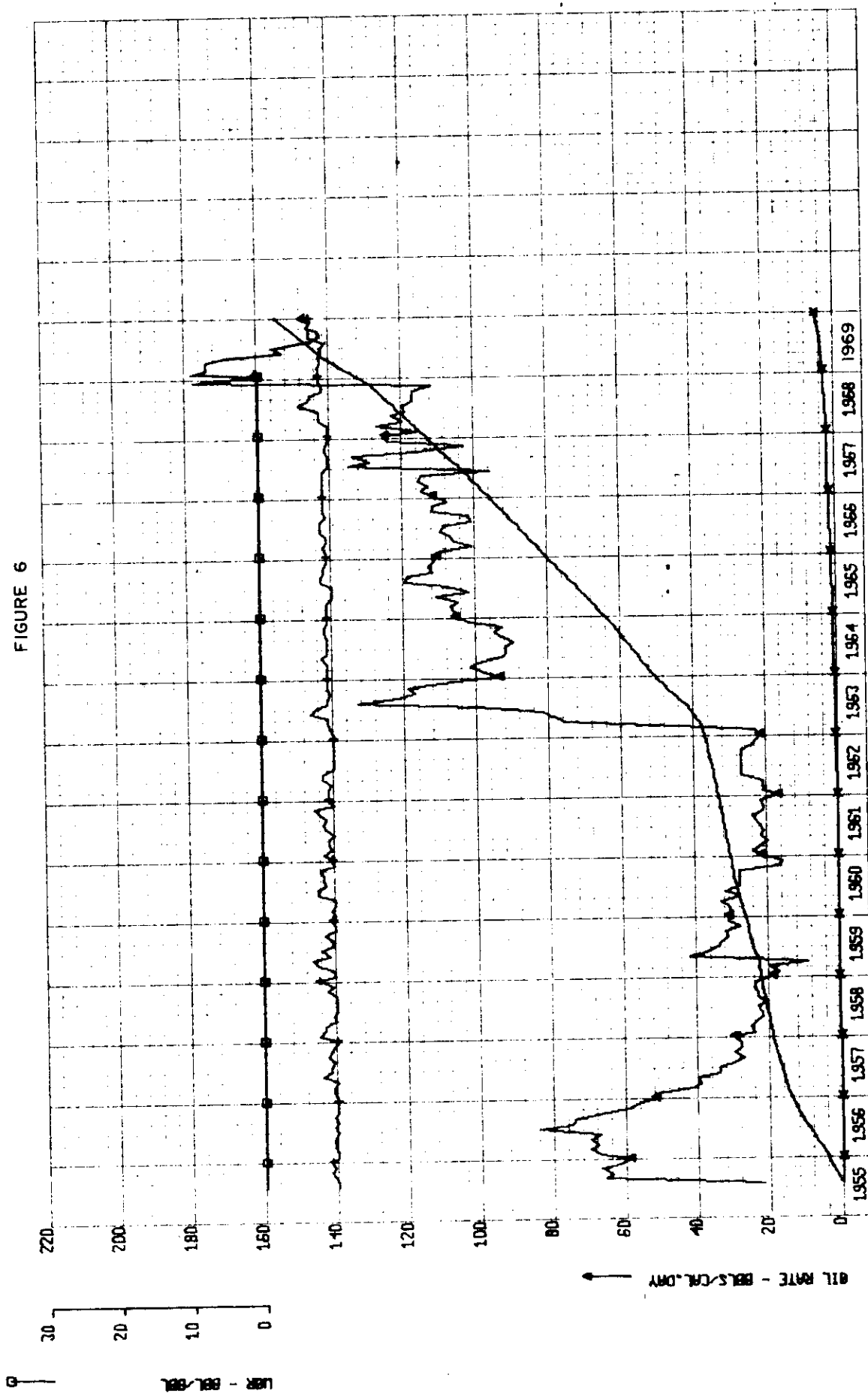


N. U. SCALLION UNIT
08-21-011-26-W1

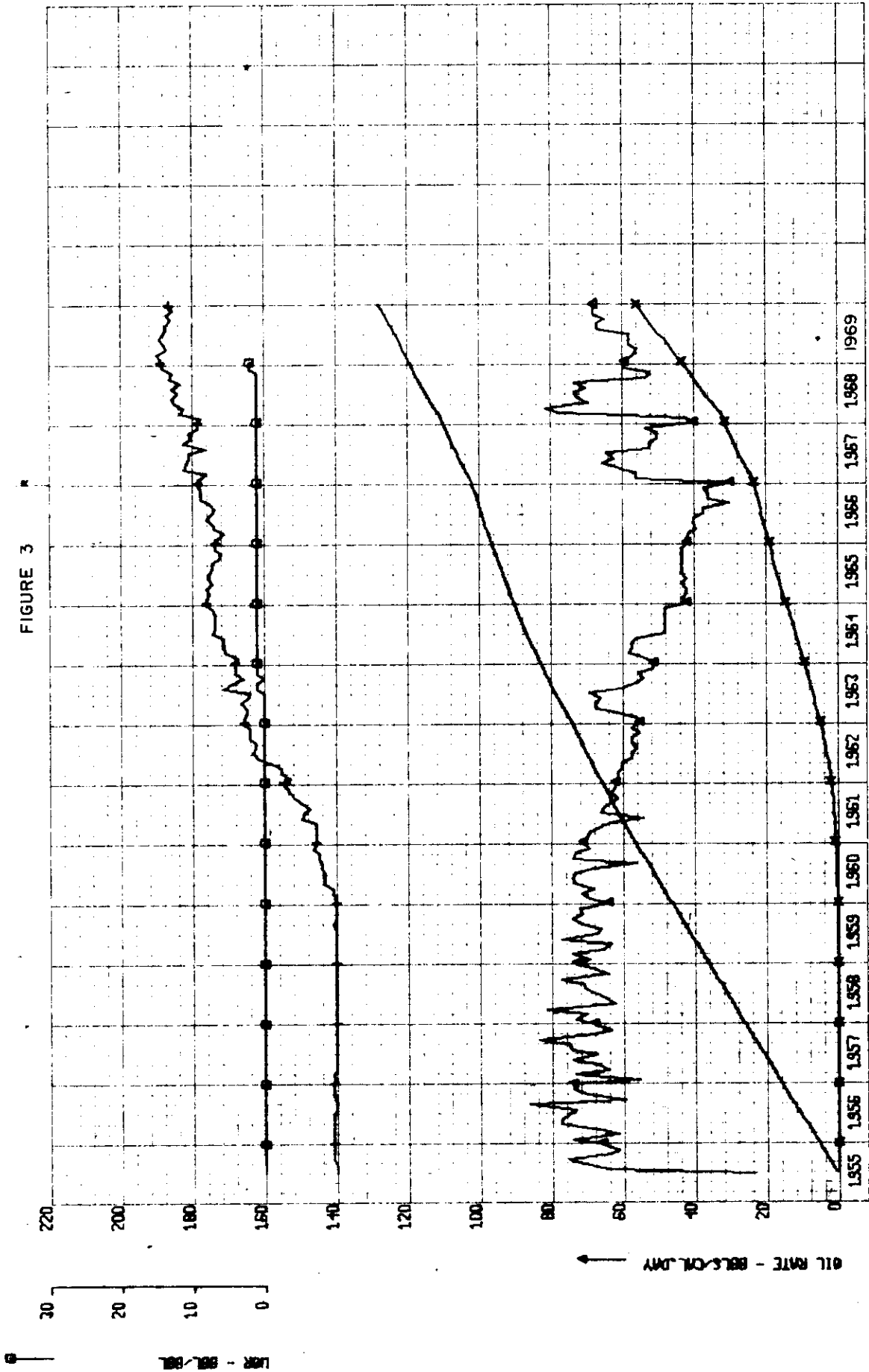


N.U. SCALLION UNIT 05-22-011-26-W1

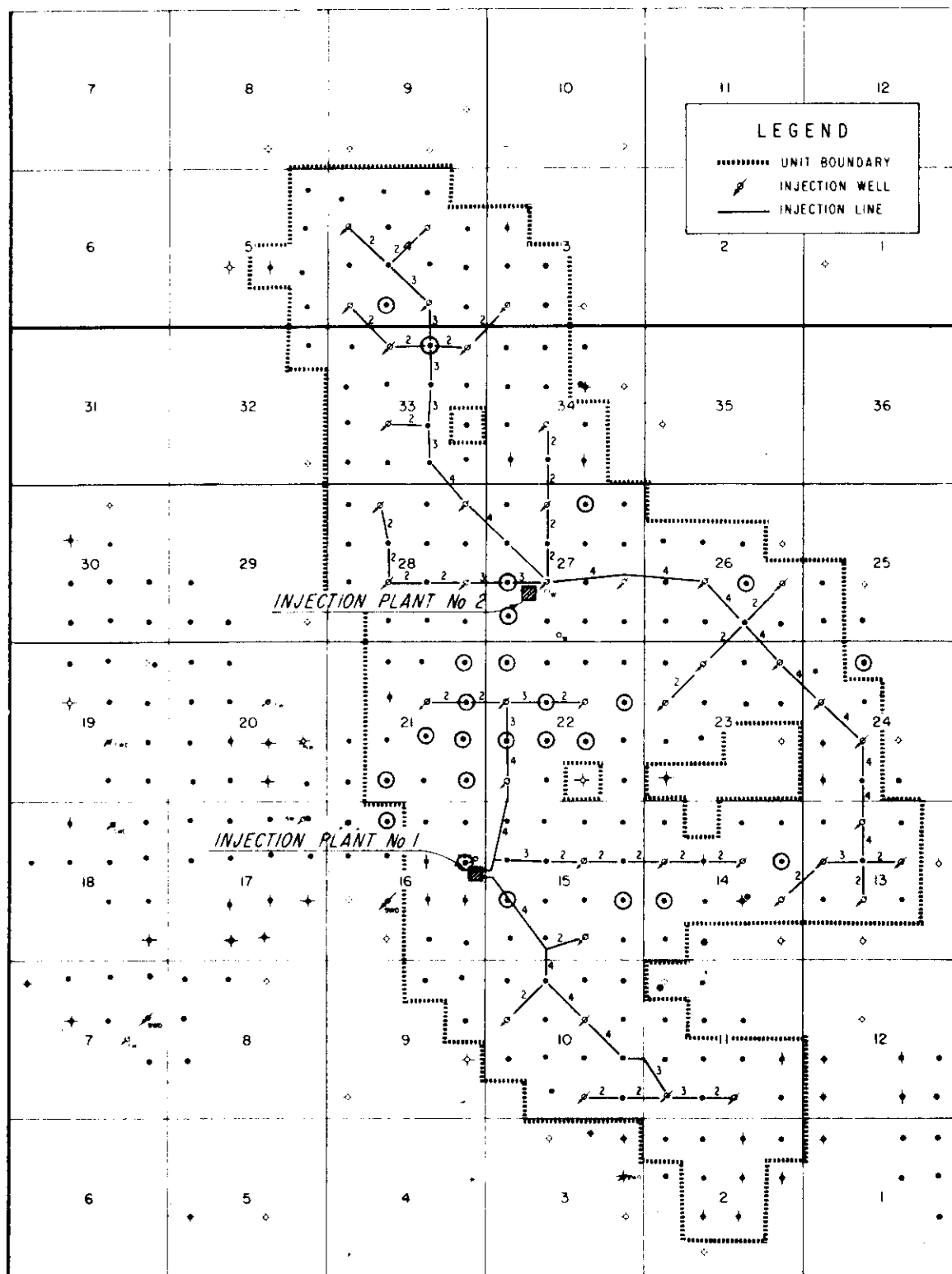
FIGURE 6



N. U. SCALLION UNIT 02-21-011-26-W1



R.26 W.P.M.



⊙ HIGH VOLUME WELL
(ie PRODUCED EITHER 100 BOPD OR
1000 BFPD OR BOTH - DURING 1969)

FIGURE 1

NORTH VIRDEN SCALLION UNIT No.1

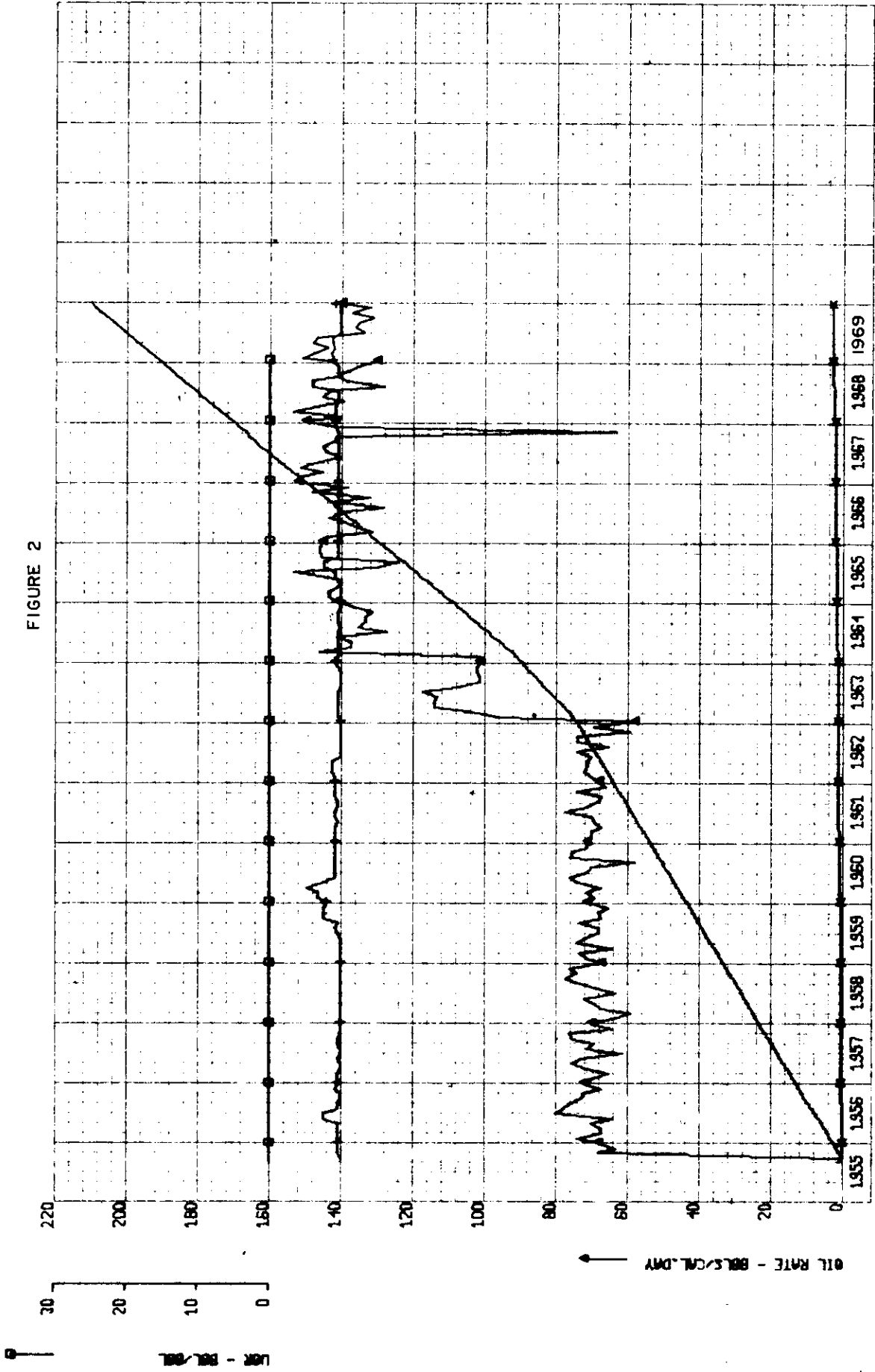
HIGH FLUID WITHDRAWAL WELLS



CASE A - EXAMPLE CASE LSD. 1-21-11-26

- Figure 2 - Lsd. 1-21-11-26 - high volume producer
- Figure 3 - Lsd. 2-21-11-26
- Figure 4 - Lsd. 7-21-11-26
- Figure 5 - Lsd. 8-21-11-26
- Figure 6 - Lsd. 5-22-11-26
- Figure 7 - Lsd. 13-15-11-26
- Figure 8 - Lsd. 15-16-11-26
- Figure 9 - Lsd. 16-16-11-26
- Figure 10 - Composite of Figure Nos. 3 to 9 inclusive

N.U. SCALLION UNIT
01-21-011-26-W1



REVIEW OF HIGH VOLUME FLUID WITHDRAWALS
NORTH VIRDEN-SCALLION UNIT NO. 1

Several wells in the North Virden-Scallion Unit No. 1 area are subjected to fluid withdrawal rates exceeding 100 barrels of oil per day, 1,000 barrels of fluid per day, or both. Figure 1 attached indicates the location of these high fluid withdrawal wells.

To confirm that high volume fluid withdrawals have not and will not adversely affect the producing characteristics and ultimate recovery of oil at wells producing at high rates, or to adjacent producing wells, a representative number of high volume operations were reviewed. The following three different high volume producing situations were considered.

Case A: The high volume well is offset directly by one injection well with other injection being distant. The subject well is directly offset by other producing wells. The example case considered was 1-21-11-26.

Case B: The high volume well is offset directly by more than one injection well. The subject well is directly offset by other producing wells. The example case considered was 9-14-11-26.

Case C: The high volume well is offset by distant injection and is influenced by natural water encroachment. The well is directly offset by other producing wells. The example cases considered were 5-15-11-26 and 9-16-11-26.

Cases A and B are representative of producing wells within the framework of the injection system. Case C is deemed to be representative of those potential

high volume withdrawal wells offsetting the Unit boundary on the west flank where the high volume potential is primarily attributable to natural water encroachment.

The following types of production plots were reviewed for each of the four example cases:

- (a) high volume well (entire production history)
- (b) individual directly offsetting producers (entire production history)
- (c) group plot of all producers offsetting the high volume well for the period 1963 to 1969, inclusive.

A copy of the above production plots for each of the example cases is attached hereto. (See Figures 2 to 32.)

The following are conclusions drawn from the review of the various production plots:

1. There is no indication that high volume withdrawals have had any, or will have any, detrimental effects on the production characteristics of the well exposed to high fluid withdrawals.
2. High volume withdrawals have had no adverse effect on the producing characteristics of the wells in close proximity to wells being produced at high rates.
3. There is no evidence or indication of the ultimate recovery at the high volume wells, or wells in close proximity to high volume wells, being influenced adversely by high volume withdrawals. The recovery to date for

the example case areas considered is higher than the overall Unit recovery to date. Indications are that this trend will continue.

4. There is no sound technical reason why production within the Unit area should be restricted at any Unit well or, at non-Unit wells where they are obviously producing under the influence of a strong natural water drive.



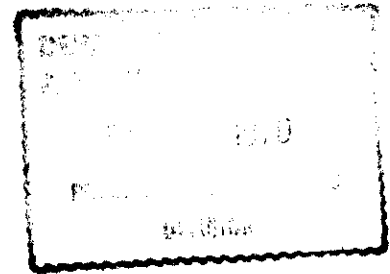
CHEVRON STANDARD LIMITED

400 FIFTH AVENUE S.W., CALGARY 1, ALBERTA

January 30, 1970

The Oil and Natural Gas Conservation Board
Department of Mines and Natural Resources
901 Norquay Building
401 York Avenue
Winnipeg 1, Manitoba

Attention: Mr. W. W. Mair, Chairman



Gentlemen:

On July 22, 1969 Chevron Standard Limited made application for the waiver of daily allowables for the wells Calstan Scallion 14-16-11-26 and Calstan Scallion 3-21-11-26. This request for exemption from the provisions of Order No. 14A was denied.

Inasmuch as Chevron Standard Limited has recently completed a review of a representative number of high fluid volume withdrawal installations in the area with the conclusion that there is no evidence or indication that the high withdrawals are detrimental to either current production or anticipated ultimate recovery, at either the well being subjected to high volume withdrawals or to the direct offsets of such well, Chevron Standard Limited hereby, on behalf of itself, makes application for the well known as Chevron Scallion 14-16-11-26 in Lsd. 14, Sec. 16, Twp. 11, Rge. 26, WPM, and, as Unit Operator, on behalf of the Working Interest Owners of the North Virden-Scallion Unit No. 1, for the wells known as Chevron Scallion Prov. 15-16-11-26 in Lsd. 15, Sec. 16, Twp. 11, Rge. 26, WPM, and Chevron Scallion 3-21-11-26 in Lsd. 3, Sec. 21, Twp. 11, Rge. 26, WPM, for exemption from the provisions of Order No. 14A pertaining to the maximum rate of production in the North Virden-Scallion Field. The locations of the subject wells are shown on the attached Figure 1.

A report entitled "Review of High Volume Fluid Withdrawals, North Virden-Scallion Unit No. 1" is submitted in support of this application. Figures 2, 3 and 4 present the production plots for the three subject wells, namely Chevron Scallion 14-16-11-26, Chevron Scallion Prov. 15-16-11-26, and Chevron Scallion 3-21-11-26, respectively, which indicate that these wells are capable of producing at high fluid rates.

In addition, the following information is submitted in support of this application:

1. The subject wells are capable of producing at high fluid rates because of an active water drive, 14-16-11-26 from natural water encroachment, and 15-16-11-26 and 3-21-11-26 from a combination of water injection and

Royalty owner
W 1/2 of SW 1/4 21-11-26 - G. Clarke - Sun Oil
W 1/2 of 16-11-26 - PRODUCING ~~THE~~ Insurance Company of America
E 1/2 of SW 1/4 21-11-26 - Alfred Roy Clarke & G. Joseph E. Lers

natural water encroachment.

2. Removal of production restrictions would reduce the possibility of oil migration across the Unit boundary. With existing restrictions, Unit oil might be driven outside the Unit boundary, or non-Unit oil might be driven inside the Unit boundary. In either situation, oil may be driven into areas from which it will not be recovered.
3. Experience indicates that maximum oil recovery is realized by recovery at first line producing wells. There is no assurance that oil which has migrated past a well will be fully recovered at another well.
4. Most of the wells in the North Virden-Scallion Field are being produced at reservoir capacity with no indications of adverse effects.
5. High volume withdrawals from the subject wells will both accelerate current production and extend the economic life of the wells. Maintenance and replacement costs of battery and flowline facilities could result in the premature suspension of operations if the wells are produced in the conventional manner. High volume pumping however will allow the maintenance and replacement of such equipment economically, and thus extend the economic life of the wells.

If you require any additional information, please contact Mr. P. Pisio at the above letterhead address.

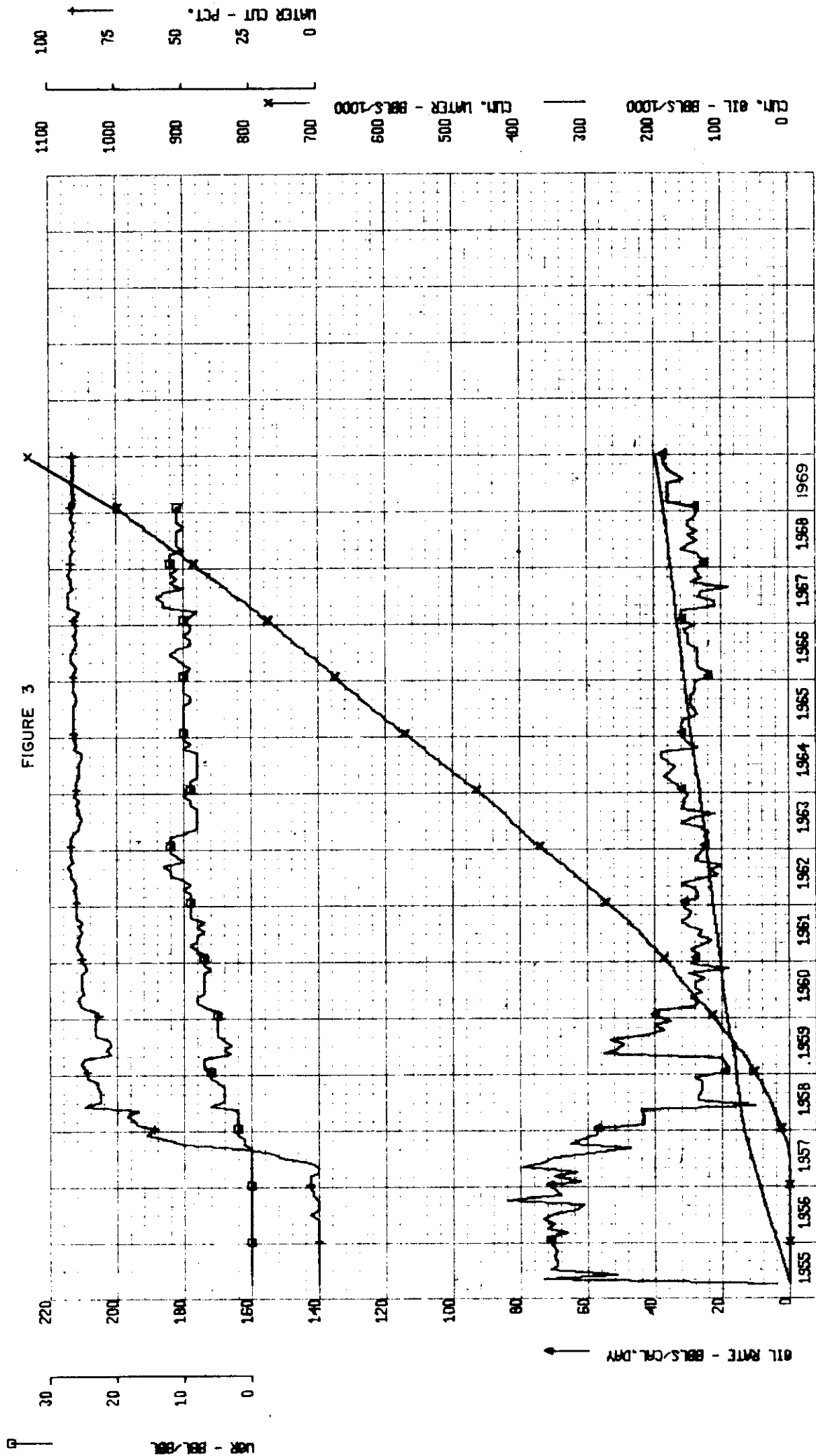
Yours very truly,

for *Pisio* P.ENG.
J. G. TROWELL
Division Superintendent
Producing Department
Calgary Division

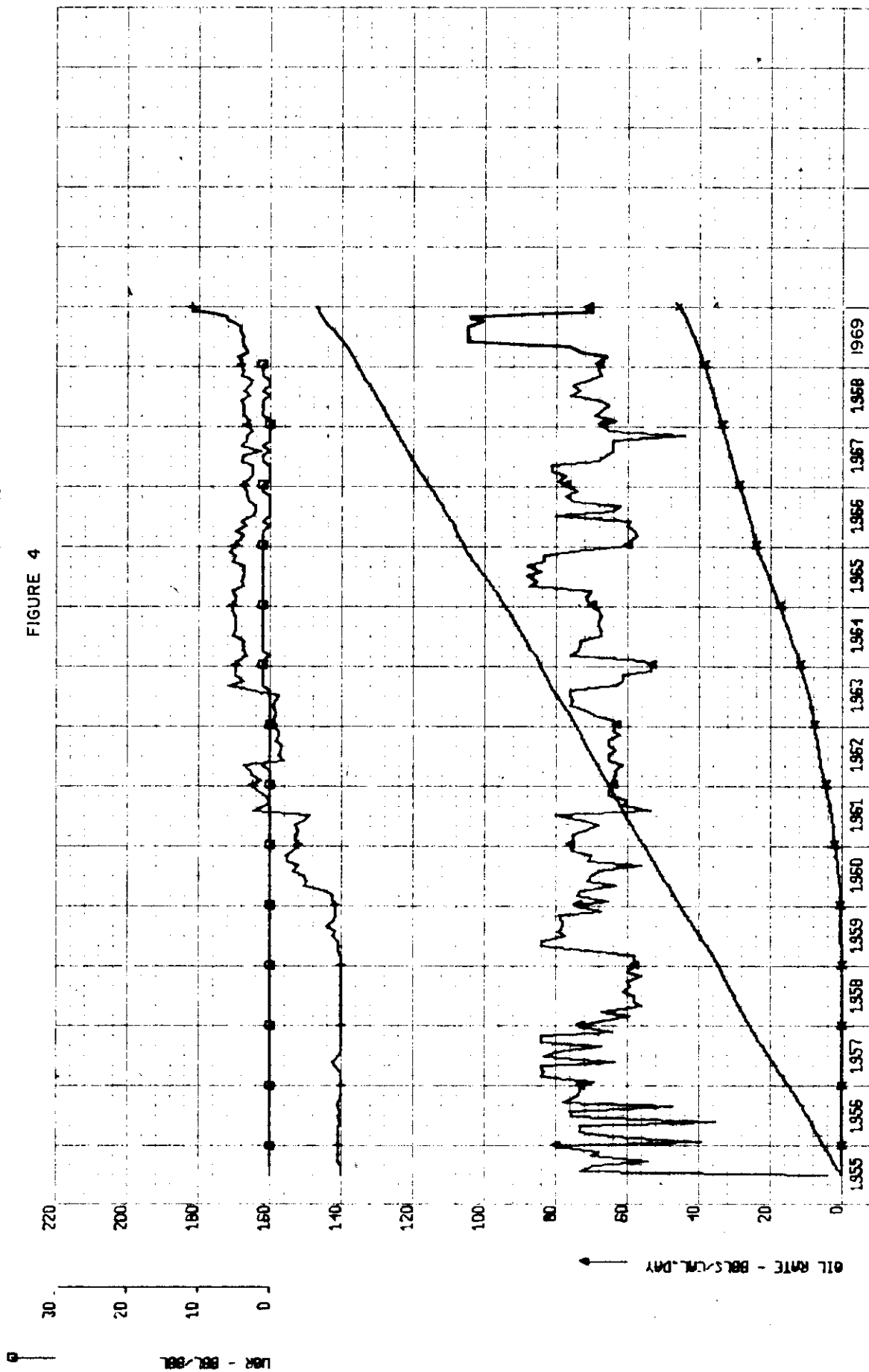
PP/cs
Attachs.

N.U. SCALLION UNIT 15-16-011-26-W1

FIGURE 3

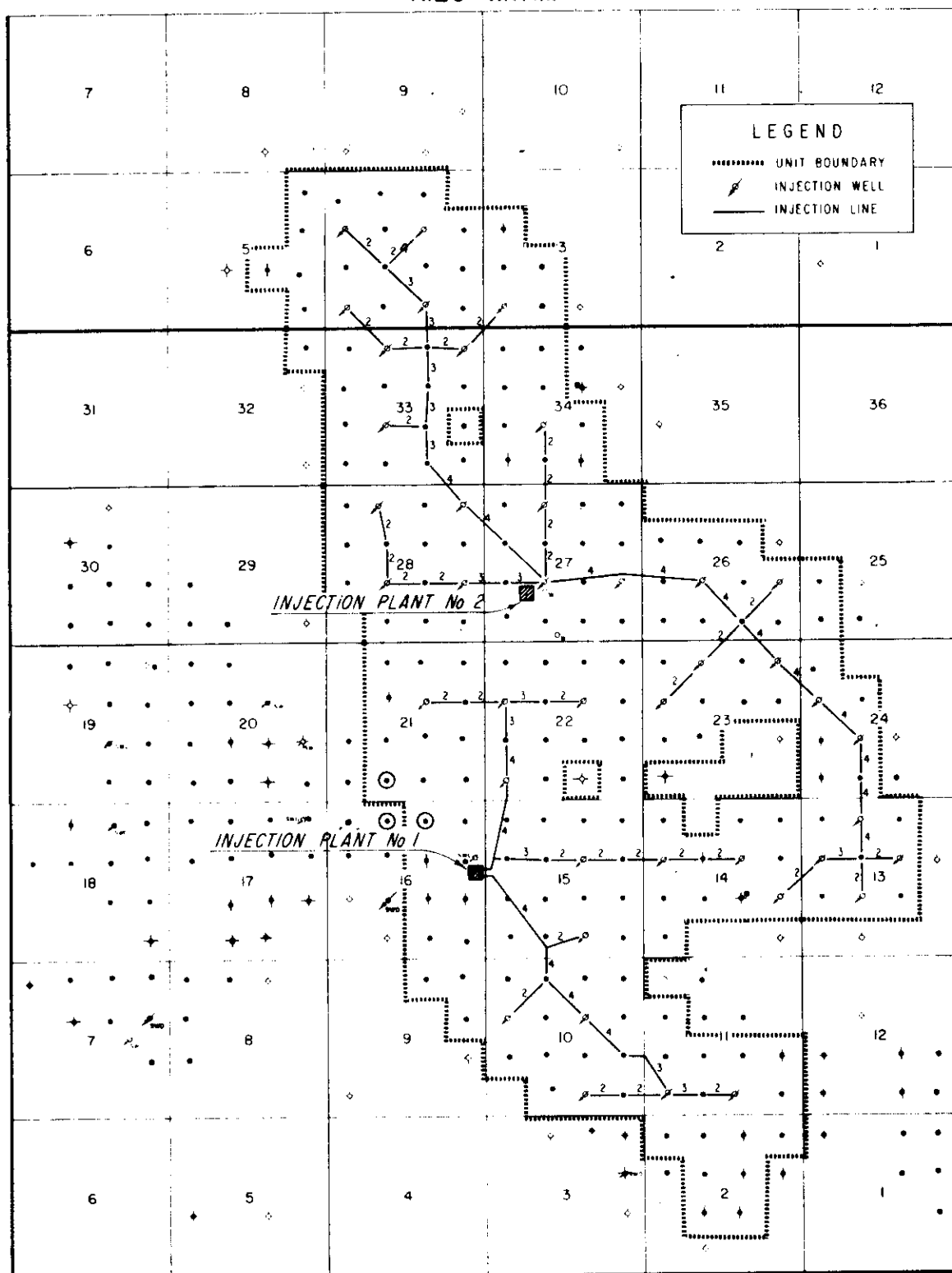


N.U. SCALLION UNIT 03-21-011-26-W1



R.26 W.P.M.

T.12



T.11

⊙ WAIVER OF PRODUCTION RESTRICTIONS APPLIED FOR.

FIGURE 1

NORTH VIRDEN SCALLION UNIT No. 1

SCALE IN MILES



N. V. SCALLION UNIT 14-16-11-26-W1M

FIGURE 2

