



page 9 Completions to outpace drilling in coming ND production reports

Moving ND oil by rail, truck



TANNER OVERLAND PHOTOGRAPHY

Hess leads ND spacing apps; Corinthian asks for 252 Spearfish/Madison wells on 21 units

Hess Corp. led in the number of new spacing unit requests filed in applications with the North Dakota Industrial Commission in August. Hess is asking the commission to create 27 overlapping spacing units of varying acreage in three western North Dakota counties. The applications are on the docket for Aug. 28 and 29 hearings.

In the Blue Buttes field in McKenzie County, Hess asks that the commission create 10 new overlapping 2,560-acre spacing units, and in the Hawkeye-Bakken and Antelope-Sanish pools in McKenzie County, Hess asks for five new overlapping 2,560-acre units.

Separately, Hess wants the commission to create five
see SPACING REQUESTS page 12

Billionaire takes on Keystone XL

The anti-Keystone XL factions have never lacked for high-profile supporters, most of them actors eager to find a cause.

But the strangest of all is a capitalist-turned-crusader who seems to take special delight in prodding, stirring and arousing.

Tom Steyer, 56, has been a fundraiser for President Barack Obama and is now a self-described “pain in the ass” who has moved from a successful investor in oil and pipelines to become a “clean-energy philanthropist” with the oil sands as his prime target.

He has the time after retiring last year from San Francisco-based Farallon Capital Management, a hedge fund he founded and turned into a personal nest egg estimated by Forbes maga-

see TOM STEYER page 10

Slawson, PetroShale pick up Williams Co. acreage, now operate North Stockyard

Australia-based Samson Oil and Gas announced on Aug. 15 that it's selling half of its equity position in undeveloped acreage in its North Stockyard project in south-central Williams County to Slawson Exploration and its non-operating partner PetroShale Inc.

Later, on Aug. 19, PetroShale announced its participation in the deal and said Slawson will take over operatorship of the project and will complete one well currently being drilled and proceed with a planned drilling program with a dedicated rig that is expected to drill three to four gross wells in the project by year's end. The deal also includes a share of a salt-water gathering and disposal system.

see ACREAGE DEAL page 11



TOM STEYER

NATURAL GAS

Under 28 percent

ND gas flaring hits 22 month low; infrastructure gaining but still behind

By MIKE ELLERD

For Petroleum News Bakken

Flaring of natural gas in North Dakota fell below 28 percent in June to a 22-month low of 27.6 percent according to statistics provided by the Oil and Gas Division of the North Dakota Industrial Commission's Department of Mineral Resources.

The last time flaring in North Dakota was below 28 percent was in March 2011 when 27.2 percent of all natural gas produced in the state was flared. Flaring began a steady increase in April 2011 reaching a peak of 35.8 percent in September 2011. While there has been much fluctuation in the flaring percentages since that September 2011 peak, there has since been a distinct downward trend (see chart). The lowest flaring has been over the last two-and-a-half years was 14.5 percent in January 2010.



JUSTIN KRINGSTAD

In addition to the overall decline in flaring, the percent of wells flared in the state due to a lack of pipeline infrastructure in June fell to approximately 13 percent, down from approximately 15 percent in May, an indication that gathering infrastructure is catching up with production.

North Dakota Pipeline Authority Director Justin Kringstad, who monitors flaring in the
see ND FLARING page 11

MOVING HYDROCARBONS

CA rail networks multiply

By GARY PARK

For Petroleum News Bakken

The train disaster in Quebec has done nothing to slow the development of rail terminals to move crude in Canada.

Three proposals have been unveiled in as many weeks, which one analyst thinks reflects delays in getting major pipelines approved by governments and regulators.

The latest project by Calgary-based Torq Transloading involves a C\$100 million terminal near Kerrobert, in western Saskatchewan, to load two 120-car trains with 168,000 barrels per day of heavy crude, along with storage capacity for 500,000 barrels.

It follows on the heels of a plan by Gibson Energy and U.S. Development Group for a 140,000-barrel facility at Hardisty in central

ARC Financial Corp. estimates that new rail facilities with combined capacity of 708,000 bpd are planned to come onstream in Canada by 2015, compared with about 150,000 bpd the currently moves on Canadian rails.

Alberta, and by Keyera and Kinder Morgan Energy Partners to build a 40,000-barrel terminal in Edmonton.

Steven Paget, an analyst with FirstEnergy Capital, said the stalling on pipeline decisions, especially TransCanada's Keystone XL link from Alberta to the U.S. Gulf Coast, has prompted shippers to make commitments to rail terminals rather than lose out on favorable crude price dif-

see RAIL NETWORKS page 10

COMPANY UPDATE

MRO Bakken spurt likely

Marathon executive says 'lots of running room' in Eagle Ford and Bakken

By KAY CASHMAN

Petroleum News Bakken

In its second quarter earnings conference in early August, Marathon Oil executives spoke of the likelihood of “potential acceleration” in 2014 in the Eagle Ford and “probably” the Bakken, where they said transportation bottlenecks had diminished.

“We have a lot of running room in both of those areas,” company President and CEO Lee Tillman said in the Aug. 7 conference call, promising to provide more details in December. He said any increase



CLARENCE CAZALOT



LEE TILLMAN

in activity would be “underpinned by the sound science that we're currently doing,” particularly in the Eagle Ford with down-spacing pilot projects.

In response to a question from the audience about the Bakken, Executive Chairman Clarence Cazalot said Marathon has had good results in the upper Three Forks and would “continue to do some of the pilot work and the additional valuation we need to look at for the second and third benches ... and begin to develop our plans for those

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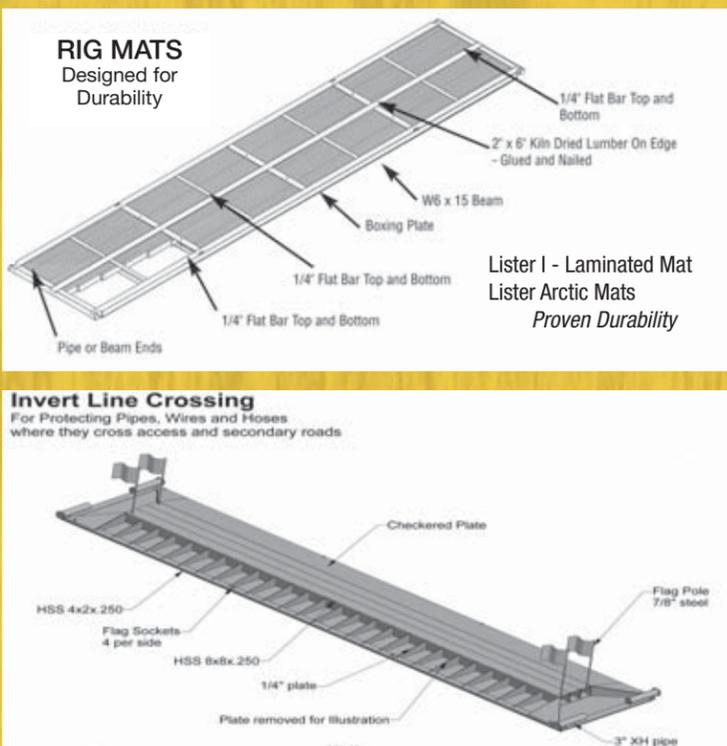
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• DRILLING & COMPLETION

Upping densities in Dunn County

Continental looking at 14 wells on a standup 2,560 and seven on a 1,280; Hunt Oil looking at five wells on five 1,280s

By MIKE ELLERD

For Petroleum News Bakken

Continental Resources and Hunt Oil Co. are seeking authority from the North Dakota Industrial Commission to increase well densities on existing spacing units in Dunn County. The two Bakken operators submitted applications that are on the commission's docket for Aug. 28 and 29 hearings in Bismarck.

Continental's applications are for spacing units in the Rattlesnake Point and Jim Creek fields in northwest Dunn County. Hunt Oil's applications are for units in the Wolf Bay and Werner fields in eastern Dunn County.

In the Rattlesnake Point field, Continental is asking to drill up to 14 Bakken pool wells on an existing, overlapping 2,560-acre unit consisting of two standup 1,280-acre units stacked heel to toe. Continental currently has three producing wells within that overlapping spacing unit with a fourth on confidential status.

The Cuskelly 1-7H, a middle Bakken well that went on production in December 2009, had a 24-hour initial production, IP, rate of 376 barrels per day. Through June, that well produced 98,347 barrels over 1,198 pumping days for an average of 82.09 bpd. The Thorvald 1-6H, another middle Bakken well, and the Thorvald 2-6H, a first bench Three Forks well, went on production in April 2009 and January

2012 with 24-hour IPs of 275 and 659 bpd, respectively. Through June, the Thorvald 1-6H produced 104,086 barrels over 1,434 pumping days averaging 72.58 bpd. The Thorvald 2-6H produced 138,163 barrels over 528 days for an average of 266.72 bpd.

Supplemental information in Continental's application to the commission indicates the increased density will involve laterals of approximately two miles extending north and south from the center of the standup 2,560-acre unit. Plans call for a total of six middle Bakken wells and eight first bench Three Forks wells on the pad, evenly split to the north and south. Continental reports a combined middle

see **UPPING DENSITIES** page 4

• DRILLING & COMPLETION

WPX, Enerplus, XTO, Hess bumping densities

North Dakota: XTO targets 43 wells on five 1,280s; Enerplus, XTO and Hess upping McKenzie and Mountrail densities

By MIKE ELLERD

For Petroleum News Bakken

Tulsa-based WPX Energy is seeking permission from the North Dakota Industrial Commission to drill up to 43 new infill wells on five separate 1,280-acre spacing units in Mountrail and McKenzie counties. Enerplus, XTO Energy and Hess Corp. also submitted infill applications that are on the commission's Aug. 28 and 29 hearing dockets.

WPX is asking to drill up to seven Bakken pool wells on a 1,280-acre unit in the Van Hook field in Mountrail County, which spans Parshall Bay from the east side of the peninsula where the company currently has one producing well. According to Department of Mineral Resources Oil and Gas Division records, the FBIR 13-24H, a former Zenergy well, went on production in February 2011 with a 24-hour initial production, IP, rate of 895 barrels of oil per day, and through June produced 211,861 barrels over 827 days for an average of 256.18 bpd.

Farther west, WPX wants to drill up to seven Sanish pool wells on each of two existing 1,280-acre units in the Antelope-

Sanish pool on the west side of Lake Sakakawea adjacent to the peninsula where the company now has one well on each unit. One of the wells, the Delores Sand 29-32H, initially operated by Dakota-3 E&P Co., went on production in April 2012 with a 24-hour IP of 228 bpd. Through June that well has produced a total of 159,824 barrels over 456 days for an average of 350.49 bpd.

In the other Antelope field spacing unit is WPX's Ruby 31-30HB, a Sanish pool well that went on production in January with a 24-hour IP of 1,471. Through June, the well was pumped a total of 157 days and has produced 88,417 barrels for an average of 563.17 bpd. WPX also has two wells on confidential status on that second Antelope field spacing unit.

In the Spotted Horn field, which borders the Antelope field on the south, WPX wants to drill up to 11 Bakken pool wells on an existing 1,280-acre unit. Oil and Gas Division records indicate there are presently no wells on that spacing unit, but WPX has a well, the Patricia Kelly 2-1HB, on an adjacent 1,280-acre unit that extends under the spacing unit in the application. Since going on production in March with a 24-

hour IP of 1,482 bpd, the well produced 70,622 barrels over 105 pumping days through June for an average of 672.59 bpd.

Just south of the Spotted Horn field, WPX is looking to drill up to 11 Bakken pool wells on another 1,280-acre unit in the Squaw Creek field. The company has an existing well on that unit, its Plenty Sweet Grass 18,19HC, also a former Zenergy well which was tested in January 2012 with a 24-hour IP of 416 barrels, and through June produced 102,775 barrels over 532 days for an average of 193.19 bpd.

Others planning density increases

Enerplus Resources (USA) is also planning to increase well density in the Antelope field and is asking to drill a total of 10 Sanish pool wells on each of two existing 1,280-acre units. According to Oil and Gas Division records, there are no horizontal wells on either of the spacing units, but WPX Energy does have wells on neighboring spacing units which went on production in April 2012 and January 2013 with 24-hour IPs of 228 and 1,471 bpd, respectively. Through June, those two wells produced 159,824 and 88,417 barrels after pumping for 456 and 157 days, for average

outputs of 350.49 and 563.17 bpd, respectively. Continental Resources does have a vertical well on one of the spacing units, a former Raymond T. Duncan Sanish pool well that has produced a total of 193,176 barrels since 1987.

In the Siverston field in north-central McKenzie County, XTO Energy is asking to drill up to 10 Bakken pool wells on an existing 640-acre spacing unit. XTO currently has one well on that spacing unit, the Lundin 11-4SH, which went on production in July 2012 with a 24-hour IP of 878 bpd. Through June the well produced 39,777 barrels over 333 days for an average of 119.45 bpd.

Hess Corp. is seeking to drill up to eight Bakken pool wells on a 1,280-acre spacing unit in the Big Butte field in west-central Mountrail County. Hess has one existing well on the spacing unit, the En-Ortloff 156-94-2635H-3, which went on production in February with a 24-hour IP of 669 barrels. That well was pumped for 149 days through June producing 52,220 barrels for an average of 350.47 bpd. ●

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• MOVING HYDROCARBONS

Bakken under the Lac-Megantic glare

US, Canadian regulators investigate content of ND crude; shippers asked to turn over data on loading crude, testing for chemicals

By GARY PARK

For Petroleum News Bakken

The search for answers in the Lac-Megantic disaster has gone back to the source — the North Dakota Bakken and exactly what was in the 50,000 barrels of crude that ended in fires, explosions and the deaths of 47 people in the small Quebec town.

Both Canadian and United States transportation regulators are probing whether rail shippers are properly classifying their crude oil cargoes and identifying corrosive chemicals within them.

Their conclusions could have far-reaching consequences for all crude-by-rail operations, especially those in the Bakken.

What mystifies investigators is how the derailed train triggered such “abnormal” and catastrophic events, said El Belakoul, the Quebec head of Canada’s Transportation Safety Board, TSB.

“The fact that there were explosions, and crude oil is not supposed to explode, raises a lot of suspicions as to whether there were other chemicals added to the oil in the process before shipment,” he said.

The U.S. Federal Railroad Administration, FRA, citing concerns over tanker safety spawned by a 443 percent

increase in crude-by-rail shipments since 2005, has advised the American Petroleum Institute it wants data from shippers on how they load crude and how they test for chemicals.

If the shippers fail to comply, the FRA said it will use the Pipeline and Hazardous Materials Safety Administration’s regulations to test the shipments.

Crude from variety of sources

In its letter the FRA said rail tankers are often loaded with crude from a variety of sources, including fracked wells that use corrosive chemicals.

It said an audit found at least one case of a crude cargo that was improperly classified and transported in a tanker that did not have sufficient safety standards.

The FRA said it also found that shippers are sometimes overloading crude tankers cars because they are miscalculating or insufficiently accounting for the crude’s specific gravity and temperature.

In addition, the FRA said it has detected a rise in corrosion to the interior of tank cars, man way covers, valves and fitting, suggesting that is caused by the harsh chemicals used in fracking.

Canadian pipeline operator Enbridge and environmental groups have complained in the past to U.S. regulators about

the volatile and potentially unsafe chemical makeup of Bakken crude, with Enbridge threatening three months ago that it might be forced to shut down an 80,000 barrels per day oil-loading rail terminal in North Dakota unless the quantity of highly flammable hydrogen-sulfide in crude delivered to the facility could be reduced.

Enbridge received an emergency order in June allowing it to reject oil with high hydrogen-sulfide levels.

It obtained permission from the U.S. Federal Energy Regulatory Commission to refuse delivery of any oil with hydrogen sulfide exceeding 5 parts per million, half the minimum exposure recommended by U.S. federal regulators.

Tesoro High Plains Pipeline, which sits downstream of the Enbridge North Dakota system, said last year it would reject any crude with hydrogen sulfide content greater than 5 ppm — Enbridge claimed it found 1,200 ppm in one of its tanks.

Investigators sent

“We are aware of those experiences and have sent investigators to North Dakota,” said Donald Ross, the TSB’s lead investigator into Lac-Megantic. “We are following the oil from the wellhead to Lac-Megantic.”

see CRUDE CONTENT page 5

continued from page 3

UPPING DENSITIES

Bakken/Three Forks estimated ultimate recovery, EUR, of 411,000 barrels of oil.

Continental’s Jim Creek app

In the Jim Creek field, Continental is asking to drill up to seven Bakken pool wells on an existing standup 1,280-acre unit. Continental has two existing wells on that unit, the Nadia 1-30H and 2-30H which are middle Bakken and first bench Three Forks wells, respectively. Those wells went on production in December 2010 and

March 2012 with 24-hour IPs of 759 and 673 bpd, respectively. Through June, the Nadia 1-30H has produced 101,923 barrels over 866 pumping days averaging 117.69 bpd. The Nadia 2-30H pumped for 456 days through June producing 82,958 barrels for an average of 181.92 bpd.

Continental also provided supplemental information for the additional Jim Creek wells indicating three of the five new wells are first bench Three Forks wells while the other two target the middle Bakken. As with the Rattlesnake Point wells, Continental reports a combined Bakken/Three Forks EUR for the spacing unit of 411,000 barrels of oil.

Hunt Oil in Wolf Bay

In the Wolf Bay field, Hunt Oil wants to drill up to five Bakken pool wells on each of two existing 1,280-acre units. Oil and Gas Division records indicate that there are no wells on one of the units, but there are three active Hunt wells on the other unit.

The Halliday 1-11-2H 1, 2-22-2H and 3-11-2H, went on production in November 2010, January 2012 and August 2012, respectively, and had 24-hour IPs of 469, 430 and 590 bpd. Through June, those three wells produced totals of 321,684, 147,431 and 116,884 barrels over pumping periods of 888, 539 and 343 days, for average outputs of 362.26, 273.53 and 340.77 bpd, respectively. Overall, the three Wolf Bay wells have produced a cumulative total of 585,999 barrels over 1,770 pumping days through June for a collective average of 331.07 bpd.

In the Werner field, which lies just south

of the Wolf Bay field, Hunt Oil is also looking to increase Bakken pool well densities to five total wells on each of four existing 1,280-acre units. Hunt currently has two wells each on three of the spacing units and one well on the fourth. Those seven wells went on production between September 2010 and September 2012 and had 24-hour IPs ranging from 170 to 851 bpd.

The first of those seven wells has yielded 184,239 barrels over 976 pumping days for an average of 188.77 bpd. Overall, the pumping day averages of these wells range from 117.57 to 272.80 bpd. The seven Werner field wells have produced a combined total of 818,528 barrels over 4,299 pumping days through June for a combined average of 190.40 bpd. ●

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CORRECTION

Oasis based in Houston

In a story on Oasis Petroleum in the Aug. 18 edition, Petroleum News Bakken identified the company as being based in Denver. Oasis Petroleum is based in Houston. We regret the error.

—MIKE ELLERD

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● DRILLING & COMPLETION

SM Energy, QEP infilling in McKenzie Co.

The two operators seek NDIC authority to up well densities for an ultimate total of 140 wells spread over 15 spacing units

By **MIKE ELLERD**

For Petroleum News Bakken

SM Energy and QEP Resources applied to the North Dakota Industrial Commission in August for permission to increase the number of wells allowed on existing spacing units in northern McKenzie County. SM Energy plans for a total of 72 wells spread over eight units and QEP plans on 68 wells over seven units. The applications are on the commission's docket for hearings scheduled for Aug. 28 and 29 in Bismarck.

In the Camp and Poe fields in northern McKenzie County, SM Energy is looking to drill up to nine Bakken pool wells on eight separate 1,280-acre units for a total of 72 wells. Five of the spacing units are on the Poe field and the other three are in the Camp field. Collectively, the company has a total of 13 existing Bakken pool wells on the eight units.

SM's Poe field wells

According to Department of Mineral Resources Oil and Gas Division records, SM Energy has eight active wells with another two on confidential status in the Poe field in north-central McKenzie County. Five of the active wells are on five separate spacing units. The Stenberg 16-8H, Nora 13-9H, Jaynes 16-12H, Leiseth 16-13H and

Leiseth 1-24H wells went on production between June 2011 and January 2012 with 24-hour initial production, IP, rates ranging from 727 to 1164 barrels of oil per day and an average of 959.4 bpd. The five wells have produced a combined total of 790,957 barrels through June averaging 158,191.4 barrels per well. Combined, the five wells have been pumped for 2,831 for an overall average of 279.39 bpd.

The other three active SM Energy wells in the Poe field are the Ceynar 4-18HA, 4X-18H and 4-18HB, all on the same spacing unit as the Leiseth 16-13H. These went on production in February and March 2013, had 24-hour IPs of 1,578, 1,103 and 885 bpd, respectively, and have yielded a combined total of 159,297 barrels over a total of 344 pumping days for a combined daily average of 463.07 bpd through the first four to five months of production.

SM's Camp field wells

The company currently has one well on each of the three separate spacing units in the Camp field immediately north of the Poe field. Those are the Lee 13,8H, Seattle 1-35H and Syverson 16-34H. The Lee went on production in September 2010 and had an initial 24-hour IP of 1,719 bpd. Through June, the Lee produced 154,355 barrels over 1,002 days, averaging 154.05 bpd.

see **INFILL APPS** page 8

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CRUDE CONTENT

But he indicated it could take months before a Canadian government laboratory makes public results from tests of oil taken from all 72 cars on the Montreal, Maine & Atlantic Railway train.

MM&A Chairman Ed Burkhardt said one of the questions raised by the tragedy is whether the hazards posed by shipping Bakken crude by rail should be reassessed.

"It looks like it was much more dangerous than we were predisposed to believe," he said, noting that the original train out of North Dakota was operated by Canadian Pacific Railway, before being handed over in Montreal to MM&A for final delivery to the Irving Oil refinery in Saint John, New Brunswick.

"Nobody knew what they were carrying. I can assure you Canadian Pacific didn't know any more than we did," Burkhardt said.

Miami-based oil logistics company World Fuel Services Corp. purchased the oil on the MM&A train, then pumped the crude into leased tanker cars.

World Fuel told the Globe and Mail it acquired the crude from North Dakota producers and, after loading, the train "departed under the control and supervision" of Canadian Pacific.

"No dilutives or additives were blended with the crude oil while it was in our possession and, to the best of our knowledge, no dilutives or additives were added by the producers," World Fuel said.

"World Fuel Services is committed to a high standard of employee and operational safety performance and, as we have stated previously, we will continue to meet any and all obligations we may have with

respect to the accident," the company said.

Anthony Hatch, an analyst in New York who has followed railroad companies for 30 years, said "crude historically has not been considered in the highest category" of a hazardous material.

"The risks have been considered to be environmental, not to humans. Perhaps Bakken crude should be considered in a higher category," he said.

Kevin Book, managing director at ClearView Energy Partners, a Washington-based policy analysis firm, told Bloomberg News that the cost of added safety measures could make obsolete some current models of tanker cars, creating an issue for all who rely on Bakken crude if oil prices fall.

He said that if oil prices are at \$100 per barrel, Bakken production would not be likely to slow, but at \$75 "it could be a big deal."

The composition of the tanker cars is also revived as an issue after years of regulators and watchdogs seeking improvements to a common car design which is thought to be susceptible to rupture when derailed.

The U.S. National Transportation Safety Board has estimated that 70 percent of today's rail tank-car fleet has a "high incidence of tank failure during accidents," Chairman Deborah Hersman said in a letter last year.

The NTSB recommended thicker shells and other modifications to strengthen cars. Canadian regulators have conceded that whatever action might be taken in the U.S. would have to be copied by them because the crude trains routinely cross the international border. ●

Contact Gary Park through publisher@petroleumnews.com



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BAKKEN STATS COMMENTARY

Conoco scores top IP

Burlington Resources Oil and Gas (ConocoPhillips) has taken the No. 1 spot on the Top 10 IP chart for North Dakota wells producing from the Bakken petroleum system. IP stands for initial production, and unless otherwise stated, is the rate at which a well produces during its first 24 hours online.

The active oil wells contending for the position were filed Aug. 13 through Aug. 19 with the North Dakota Industrial Commission, as completed or released from confidential status.

The top well was Burlington's Sun Notch 44-32TFH in the Sand Creek field of McKenzie County. Its IP rate was 2,954 barrels of oil.

Speaking of Conoco, it was issued permits for four Hawkeye field wells, also in McKenzie County — see the North Dakota oil permit activity chart.

Hawkeye produced an average of 5,310 barrels per day in June from non-confidential wells.

And Hawkeye is where EOG Resources has three wells that it touted as high producers in recent earnings conferences. All the wells are in the Antelope Extension area where EOG is using improved fracking technology. Two are producing from the upper Three Forks zone, the other from the middle Bakken.

—KAY CASHMAN

Contact Kay Cashman at publisher@petroleumnews.com

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Located in the heart of one of the fastest-growing cities in the country, the brand new Dakota Landing residence hotel is designed to meet the growing needs of the Bakken Shale housing market by providing area visitors and residents, both business and leisure travelers, with high-quality extended-stay housing accommodations that provides guests a welcoming feel within a unique and innovative hotel residence.



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AREA ATTRACTIONS: Situated near the area's historic sites, outdoor recreational opportunities and yearly special events

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Renderings are for illustration purposes only and may change without prior notice.

MT oil well permits and completions

August 9—15, 2013

Abbreviations & parameters

With a few exceptions, the Montana weekly oil activity report includes horizontal well activity in the Bakken petroleum system in the eastern/northeastern part of the state within the Williston Basin. It also includes the Heath play and what is referred to as the South Alberta Bakken fairway in northwestern/west-central Montana, which is at least 175 miles long (north-south) and 50 miles wide (east-west), extending from southern Alberta, where the formation is generally referred to as the Exshaw, southwards through Montana's Glacier, Toole, Pondera, Teton and Lewis & Clark counties. The Southern Alberta Bakken, under evaluation by several oil companies, is not part of the Williston Basin.

Following are the abbreviations used in the report and what they mean.

BHL: bottomhole location | **BOPD:** barrels of oil per day | **BWPD:** barrels of water per day
IP: initial production | **MCFPD:** thousand cubic feet per day | **PBHL:** probable bottomhole location
PD: proposed depth | **SHL:** surface hole location | **TD:** total depth

And public land survey system abbreviations:

FNL = from north line | **FEL** = from east line | **FSL** = from south line | **FWL** = from west line

COMPILED BY DARRYL L. FLOWERS

For Petroleum News Bakken

New locations — horizontal wells

Three horizontal wells were approved during the reporting period.

In Fallon County, Denbury Onshore LLC was approved to drill the Pennel Unit 21-09H, with an SHL at NE NW 9-8N-59E (1090 FNL/1865 FWL) and a PBHL of 12,588 feet at NE SE 4-8N-59E (1980 FSL/660 FEL). The Pennel will target the Red River formation.

In Richland County, two Bakken horizontals were approved.

Whiting Oil and Gas Corp. was approved to drill the Berry 24-32-1H, with an SHL at SE SW 32-25N-58E (310 FSL/2310 FWL) and a PBHL of 20,824 feet at NW NW 29-25N-58E (240 FNL/660 FWL). A permit was issued to Oasis Petroleum North America LLC for the Matador Federal 2658 43-7H, with an

SHL at SW SE 7-26N-58E (390 FSL/1960 FEL) and a PBHL of 19,904 feet at NW NE 6-26N-58E (200 FNL/1850 FEL).

Re-issued locations

In Richland County, Continental Resources Inc. was approved to drill the Fabian Federal 1-10H. The Bakken formation well has an SHL at SW SW 10-26N-55E (275 FSL/1260 FWL) and a PBHL of 20,104 feet at NE NW 3-26N-55E (200 FNL/1980 FWL).

Four re-issued permits went to Bakken wells in Sheridan County.

A permit was issued to Mountain View Energy Inc. for the Anderson 11-1H, with an SHL at SW SE 11-33N-57E (345 FSL/2065 FEL) and a PBHL of 18,078 feet at NW NE 2-33N-57E (250 FNL/1980 FEL).

Three of the Sheridan County wells

see **MT ACTIVITY** page 9

Bakken producers' stock prices

Closing prices as of Aug. 21, along with those from previous Wednesday

Company	Exchange	Symbol	Closing price	Previous Wed.
Abraxas Petroleum Corp.	NASDAQ	AXAS	\$2.56	\$2.67
American Eagle Energy Corp.	AMZG	OTC	\$2.03	\$1.76
Arsenal Energy USA, Inc.	TSE	AEI	\$4.65	\$0.40
Baytex Energy Corp.	NYSE	BTE	\$38.96	\$40.59
Burlington Resources Co. (ConocoPhillips)	NYSE	COP	\$65.52	\$67.16
Continental Resources, Inc.	NYSE	CLR	\$91.48	\$91.76
Crescent Point Energy Corp.	TSE	CPG	\$38.50	\$39.02
Enerplus Resources USA Corp.	NYSE	ERF	\$16.26	\$17.16
EOG Resources, Inc.	NYSE	EOG	\$151.84	\$156.40
Fidelity Exploration and Production (MDU)	NYSE	MDU	\$27.23	\$28.72
HRC Operating (Halcon Resources Corp.)	NYSE	HK	\$4.71	\$5.30
GMX Resources, Inc.	PINK	GMXRQ	\$0.30	\$0.29
Hess Corp.	NYSE	HES	\$73.03	\$75.47
Kodiak Oil and Gas (USA), Inc.	NYSE	KOG	\$9.64	\$9.41
Legacy Reserves Operating LP	NASDAQ	LGCY	\$26.34	\$27.02
Marathon Oil Co.	NYSE	MRO	\$32.80	\$34.60
Newfield Production Co.	NYSE	NFX	\$22.73	\$23.54
Oasis Petroleum, Inc.	NYSE	OAS	\$38.64	\$39.11
Oxy USA (Occidental Petroleum Corp.)	NYSE	OXY	\$85.38	\$87.68
QEP Energy Co.	NYSE	QEP	\$27.45	\$29.10
Resolute (Resolute Energy Corp.)	NYSE	REN	\$7.71	\$8.53
Samson Resources Co. (KKR & Co.)	NYSE	KKR	\$19.37	\$20.25
SM Energy Co.	NYSE	SM	\$66.74	\$67.64
Statoil Oil and Gas LP	NYSE	STO	\$21.09	\$21.91
Sundance Energy, Inc.	SEA	ASX	\$1.03	\$1.03
Triangle USA Petroleum Corp.	NYSE	TPLM	\$6.41	\$6.70
Whiting Oil and Gas Corp.	NYSE	WLL	\$48.77	\$49.75
WPX Energy, Inc.	NYSE	WPX	\$18.81	\$18.42
XTO Energy, Inc. (ExxonMobil)	NYSE	XOM	\$86.42	\$88.42



IPs for ND Bakken wells

August 13—19, 2013

This chart contains initial production rates, or IPs, for active wells that were filed as completed with the state of North Dakota from Aug. 13 to Aug. 19, 2013 in the Bakken petroleum system, which includes formations such as the Bakken and Three Forks. The completed wells that did not have an available IP rate (N/A) likely haven't been tested or were awarded confidential (tight-hole) status by the North Dakota Industrial Commission's Department of Minerals. This chart also contains a section with active wells that were released from confidential status during the same period, Aug. 13 to Aug. 19. Again, some IP rates were not available (N/A). The information was assembled by Petroleum News Bakken from NDIC daily activity reports and other sources. The name of the well operator is as it appears in state records, with the loss of an occasional Inc., LLC or Corporation because of space limitations. Some of the companies, or their Bakken petroleum system assets, have been acquired by others. In some of those cases, the current owner's name is in parenthesis behind the owner of record, such as ExxonMobil in parenthesis behind XTO Energy. If the chart is missing current owners' names, please contact Ashley Lindly at alindly@petroleumnewsbakken.com.

LEGEND

The well operator's name is on the upper line, followed by individual wells with data in this order: NDIC file number; well name; field; location; spacing; county; geologic target; wellbore type; total depth; IP test date; IP oil flow rate. (IP stands for initial production; in this chart it's the first 24 hours of oil production.)

IPs for completed North Dakota wells

Abraxas Petroleum

23623; Lillibridge 20-17-2H; Pershing; SWSE 20-150N-96W; 2SEC; McKenzie; Bakken; horizontal; 19,529; 7/24/2013; 1,040 bbl

Continental Resources

23049; Chicago 4-26RH; Banks; NENE 26-152N-99W; 4SEC; McKenzie; Bakken; horizontal; 21,200; 5/16/2013; 334 bbl

24294; Langved 1-35H; Beaver Lodge; SESW 35-156N-95W; 2SEC; Williams; Bakken; horizontal; 19,971; 7/20/2013; 325 bbl

Crescent Point Energy

24330; Cpeusc Sylven 11-2-158N-100W; Wildcat; NWNE 14-158N-100W; 2SEC; Williams; Bakken; horizontal; 19,540; 8/2/2013; 514 bbl

Hess

24410; BB-Budahn A 150-95-0403H-5; Blue Buttes; SENE 5-150N-95W; 2SEC; McKenzie; Bakken; horizontal; 20,825; 7/6/2013; 56 bbl

SM Energy

24042; Didrick 4-27HB; Siverston; NENW 27-150N-98W; 2SEC; McKenzie; Bakken; horizontal; 21,410; 7/2/2013; 730 bbl

Whiting Oil and Gas

25180; Crane Creek 14-16H; Sanish; SWSW 16-153N-91W; 2SEC; Mountrail; Bakken; horizontal; 16,591; 7/10/2013; 1,630 bbl

25217; Hensen 21-20H; Sanish; NENW 20-153N-91W; 2SEC; Mountrail; Bakken; horizontal; 18,420; 7/17/2013; 1,949 bbl

XTO Energy (ExxonMobil)

24858; Star 21X-14F; Grinnell; NENW 14-154N-97W; 2SEC; Williams; Bakken; horizontal; 20,522; 7/11/2013; 1,790 bbl

Top 10 Bakken wells by IP rate

Burlington Resources Oil and Gas (ConocoPhillips)

22914; Sun Notch 44-32TFH; Sand Creek; McKenzie; 2,954 bbl

Whiting Oil and Gas

25217; Hensen 21-20H; Sanish; Mountrail; 1,949 bbl

Marathon Oil

24864; Kupper 24-10TFH; Bailey; Dunn; 1,815 bbl

XTO Energy (ExxonMobil)

24858; Star 21X-14F; Grinnell; Williams; 1,790 bbl

Whiting Oil and Gas

25180; Crane Creek 14-16H; Sanish; Mountrail; 1,630 bbl

XTO Energy (ExxonMobil)

24712; Kulczyk 43X-17A; Alkali Creek; Mountrail; 1,572 bbl

HRC Operating (Halcon Operating)

22878; Fort Berthold 148-94-22B-27-5H; Gregory Buttes; Dunn; 1,532 bbl

WPX Energy

23313; Good Bird 36-25HW; Moccasin Creek; Dunn; 1,441 bbl

Zavanna

24543; Bear Cat 33-28 1H; Williston; Williams; 1,086 bbl

Abraxas Petroleum

23623; Lillibridge 20-17-2H; Pershing; McKenzie; 1,040 bbl

Note: This chart contains initial production rates, or IPs, from the adjacent IP chart for active wells that were filed as completed with the state of North Dakota from August 13 to Aug. 19, 2013 in the Bakken petroleum system, as well as active wells that were released from tight-hole (confidential) status during the same period. The well operator's name is on the upper line, followed by individual wells; the NDIC file number; well name; field; county; IP oil flow rate in barrels of oil.

To view this chart in its entirety, please visit:
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Petroleum News
Bakken

North Dakota oil permit activity

August 13—19, 2013

Bottineau Co.

Permits issued

Corinthian Exploration

Corinthian Brandjord 8-31 1-H; SENE 31-164N-78W; 2,060'FNL and 750'FEL; Northeast Landa; N/A*; on confidential status; 1,523' ground; 26181; 33-009-02335; 8/13/2013

Burke Co.

Permits issued

Oasis Petroleum

Morgan 6093 12-6 #1H; LOT3 6-160N-93W; 265'FNL and 1,220'FNL; Gros Ventre; Bakken; horizontal; 2,485' ground; 26182; 33-013-01729; 8/14/2013

Permit renewal

Petro-Hunt

Maruskie 159-94-3B-10-1H; LOT3 3-159N-94W; 230'FNL and 1,620'FNL; North Tioga; N/A*; on confidential status; 2,390' ground; 23697; 33-013-01687; 8/15/2013

Location resurveyed

Cornerstone Natural Resources

Anderson B-2413-6191; SESW 24-161N-91W; 310'FSL and 1,980'FNL; Clayton; N/A*; on confidential status; 2,076' ground; 25995; 33-013-01725; 8/13/2013

Divide Co.

Permits issued

American Eagle Energy

Brice 3-2-163-102; LOT3 2-163N-102W; 300'FNL and 1,625'FNL; Wildcat; N/A*; on confidential status; 2,253' ground; 26197; 33-023-01093; 8/15/2013

Murex Petroleum

Diane Renee 3-10H; LOT2 3-161N-101W; 240'FNL and 2,400'FNL; Writing Rock; Bakken; horizontal; 2,268' ground; 26196; 33-0230-1092; 8/14/2013

Dwight Ludwig 13-24H; NWNE 13-161N-101W; 300'FNL and 1,900'FNL; Writing Rock; Bakken; horizontal; 2,243' ground; 26207; 33-023-01094; 8/15/2013

Dunn Co.

Permits cancelled

Burlington Resources Oil and Gas (ConocoPhillips)

CCU Red River 34-9H; SWSE 9-147N-95W; 390'FSL and 1,870'FNL; Corral Creek; N/A*; on confidential status; 2,516' ground; 18095; 33-025-00931; 8/14/2013

Oxy USA (Occidental Petroleum)

Spring Creek 2-20-141-93; SESE 20-141N-93W; 1,300'FSL and 1,000'FEL; Wildcat; Duperow; vertical; 2,158' ground; 23522; 33-025-01832; 8/14/2013

McKenzie Co.

Permits issued

Burlington Resources Oil and Gas (ConocoPhillips)

Crater Lake 21-14MBH; NENW 14-152N-95W; 450'FNL and 1,950'FNL; Hawkeye; N/A*; on confidential status; 2,283' ground; 26167; 33-053-05188; 8/13/2013

Crater Lake 31-14MBH; NWNE 14-152N-95W; 292'FNL and 1,364'FNL; Hawkeye; N/A*; on confidential status; 2,264' ground; 26168; 33-053-05189; 8/13/2013

Crater Lake 41-14MBH; NENE 14-152N-95W; 292'FNL and 1,274'FNL; Hawkeye; N/A*; on confidential status; 2,263' ground; 26170; 33-053-05191; 8/13/2013

Crater Lake 41-14TFH; NENE 14-152N-95W; 292'FNL and 1,319'FNL; Hawkeye; N/A*; on confidential status; 2,263' ground; 26169; 33-053-05190; 8/15/2013

Harley 11-2MBH; LOT4 2-151N-95W; 370'FNL and 1,010'FNL; Blue Buttes; N/A*; on confidential status; 2,309' ground; 26176; 33-053-05197; 8/13/2013

Harley 11-2TFH; LOT4 2-151N-95W; 370'FNL and 965'FNL; Blue Buttes; N/A*; on confidential status; 2,310' ground; 26177; 33-053-05198; 8/13/2013

Harley 21-2TFH; LOT4 2-151N-95W; 370'FNL and 1,055'FNL; Blue Buttes; N/A*; on confidential status; 2,308' ground; 26175; 33-053-05196; 8/13/2013

Harley 31-2TFH; LOT1 2-151N-95W; 250'FNL and 1,080'FNL; Blue Buttes; N/A*; on confidential status; 2,246' ground; 26222; 33-053-05213; 8/19/2013

Harley 41-2MBH; LOT1 2-151N-95W; 250'FNL and 1,035'FNL; Blue Buttes; N/A*; on confidential status; 2,246' ground; 26221; 33-053-05212; 8/19/2013

Harley 41-2TFH; LOT1 2-151N-95W; 250'FNL and 990'FNL; Blue Buttes; N/A*; on confidential status; 2,246' ground; 26220; 33-053-05211; 8/19/2013

Continental Resources

Montpelier 3-14H1; NWNE 14-153N-101W; 669'FNL and 2,291'FNL; Indian Hill; N/A*; on confidential status; 2,110' ground; 26191; 33-053-05200; 8/14/2013

Montpelier 4-14H; NWNE 14-153N-101W; 668'FNL and 2,336'FNL; Indian Hill; N/A*; on confidential status; 2,110' ground; 26190; 33-053-05199; 8/14/2013

Emerald Oil

Excalibur 1-25-36H; NWNW 25-149N-102W; 250'FNL and 572'FNL; Boxcar Butte; Bakken; horizontal; 2,339' ground; 26219; 33-053-05210; 8/16/2013

Excalibur 2-25-36H; NWNW 25-149N-102W; 250'FNL and 622'FNL; Boxcar Butte; Bakken; horizontal; 2,341' ground; 26218; 33-053-05209; 8/16/2013

Hess

SC-4WK- 153-98-3130H-1; LOT2 3-152N-99W; 450'FNL and 2,065'FNL; Banks; N/A*; on confidential status; 1,904' ground; 26171; 33-053-05192; 8/13/2013

SC-4WX- 153-98-3130H-2; LOT2 3-152N-99W; 450'FNL and 2,015'FNL; Banks; N/A*; on confidential status; 1,902' ground; 26172; 33-053-05193; 8/13/2013

SC-4WX- 153-98-3130H-3; LOT2 3-152N-99W; 450'FNL and 1,965'FNL; Banks; N/A*; on confidential status; 1,900' ground; 26173; 33-053-05194; 8/13/2013

SC-5WX- 152-99-0310H-1; LOT2 3-152N-99W; 450'FNL and 1,915'FNL; Banks; N/A*; on confidential status; 1,900' ground; 26174; 33-053-05195; 8/13/2013

Petro-Hunt

Sherven Trust 153-95-27B-3H; NENE 28-153N-95W; 1,025'FNL and 270'FEL; Charlson; N/A*; on confidential status; 2,323' ground; 26205; 33-053-05205; 8/15/2013

Sherven Trust 153-95-27B-2H; NENE 28-153N-95W; 1,100'FNL and 270'FEL; Charlson; N/A*; on confidential status; 2,321' ground; 26206; 33-053-05206; 8/15/2013

USA 153-95-22C-15-3H; SESW 22-153N-95W; 243'FSL and 1,919'FNL; Charlson; N/A*; on confidential status; 2,361' ground; 26214; 33-053-05208; 8/16/2013

QEP Energy

Kirkland 1-23-14BH; SWSE 23-149N-95W; 271'FSL and 1,513'FNL; Grail; Bakken; horizontal; 2,319' ground; 26226; 33-053-05214; 8/19/2013

Kirkland 2-23-14BH; SWSE 23-149N-95W; 326'FSL and 1,518'FNL; Grail; Bakken; horizontal; 2,314' ground; 26227; 33-053-05215; 8/19/2013

SM Energy

Wilson Federal 1X-20H; NENE 20-153N-95W; Charlson; N/A*; on confidential status; 2,339' ground; 26228; 33-053-05216; 8/19/2013

To view this chart in its entirety, please visit:
<http://bit.ly/1d2UIRJ>

continued from page 5

INFILL APPS

The Seattle 1-35H went on production in March 2011 with a 24-hour IP of 683 bpd, and through June produced 175,063 barrels over 797 pumping days averaging 219.65 bpd. The Syverson 16-34H went on production in February 2012 with a 24-hour IP of 1,505 bpd and produced 117,303 barrels over 486 days for an average of 241.36 bpd.

In addition to these horizontal, Bakken-pool wells, SM Energy has two producing vertical, Madison pool wells on another spacing unit in the Camp field. The Anderson 10 32, a former Superior Oil Co. well, went on production in September 1984 with a 24-hour IP of 377 bpd, and through June 2013 produced

696,125 barrels over 10,282 days for an average of 67.7 bpd. The Lindvig 10 1, another former Superior Oil well, went on production in January 1985 with a 24-hour IP of 339 bpd, and through June, produced 284,962 over 9,794 pumping days averaging 25.42 bpd.

QEP's Grail field wells

QEP is seeking authority from the commission to drill up to 10 wells on each of six existing 1,280-acre spacing units in the Grail field in northeast McKenzie County where a maximum of eight are currently allowed. QEP also wants to drill up to eight wells on an existing 640-acre unit in the Grail field, bringing the total number of wells on the seven spacing units to 68.

Oil and Gas Division records indicate

that QEP has one well on the 640-acre unit and one well in each of the six 1,280-acre units. The well on the 640 acre unit, the Moberg 15-18H, went on production in May 2012 with an initial 24-hour IP of 2,168 bpd. Through June, that well was pumped for 389 days producing 169,248 barrels for an average of 435.08 bpd.

The wells on the six 1,280-acre spacing units went on production between September 2010 and July 2012. The 24-hour IP rate for those six wells ranged from 1,379 to 2,885 bpd with an average IP of 1,835.67 bpd. Through June, the six wells had average daily productions ranging from 319.45 to 672.38 bpd. Collectively, the six wells have yielded a total of 1,273,914 barrels of oil over a total

of 3,117 days for an average of 408.70 bpd and adding in the production from the Moberg 15-28H well, that average increases to 411.63 bpd.

The Grail field is in QEP's South Antelope core area which QEP acquired from Helis Oil and Gas in 2012. QEP's analysis of the area indicated an average estimated ultimate recovery for the area of more than 1 million barrels of oil. As Petroleum News Bakken reported on Aug. 11, recent test results indicate that QEP's South Antelope area is proving to be perhaps even more productive than the company had expected. ●

Contact Mike Ellerd
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continued from page 1

MARATHON UPDATE

additional zones."

Previously company executives said that in 2013 Marathon would work to maximize production from the middle Bakken and upper Three Forks zones of the Bakken petroleum system, particularly in the Hector/Ajax and Myrmidon areas, as well as "explore additional formations such as the Lodgepole (part of the Bakken system), Tyler and Red River (separate petroleum systems) in the Williston Basin."

The company expects to have its Williston Basin production between 50,000 and 60,000 barrels of oil equivalent per day in 2017.

In second quarter, Marathon's average production was approximately 39,000 net boepd, compared to 37,000 net boepd in the previous quarter.

The company reached total depth on 22 gross wells during the quarter and brought

16 gross wells to sales, compared to 18 and 22 gross wells respectively in first quarter.

In second quarter Marathon's average time to drill a well continued to improve, averaging 15 days spud-to-total depth, or 22 days spud-to-spud, a top-quartile performance in the areas in which the company operates.

Marathon's Bakken output averages approximately 90 percent crude oil, 5 percent NGLs and 5 percent natural gas.

Its U.S. Lower 48 onshore production grew to 182,000 boepd in second quarter, an increase of nearly 6 percent over first quarter, and highlighted by 11 percent growth from Eagle Ford and more than 5 percent in the Bakken.

In June, Marathon said Cazalot would retire at the end of the year and Tillman, who succeeded him as president and CEO on Aug. 1, would take up the leadership reins. ●

Contact Kay Cashman
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Late load restrictions hamper output

Lynn Helms: But with load limits now lifted, North Dakota crude oil production is expected to surge in coming months

By MIKE ELLERD

For Petroleum News Bakken

Although North Dakota oil production increased in June for the fifth consecutive month, the preliminary June output of 821,415 barrels per day fell approximately 1 percent short of the July 1 target of 830,000 bpd used in legislative budget projections. One reason for the shortfall was that load restrictions on many North Dakota roads remained in effect well into June, hampering well completions, which fell in June to 139 from 143 in May.



LYNN HELMS

Lynn Helms, director of the North Dakota Industrial Commission Department of Minerals Resources Oil and Gas Division said in an Aug. 15 press conference that he expects a surge in production in coming months with load restrictions now lifted and operators able to get frack crews to all of their wells.

"We expected the completion crews to outpace the drilling in June. That didn't happen, largely because of load restrictions," Helms said. "But they certainly have the capacity to outpace them for July, August and September, so we're still expecting larger increases in the next three months of reporting."

While June production didn't quite reach the July 1 projection, it was still an

increase of more than 10,000 bpd from May, and the state's production remains on a steadily upward trend. "Even though June's increase fell short of 20,000 bopd, it was still a significant increase," Helms told Petroleum News Bakken in an e-mail.

Other June numbers

Natural gas production in North Dakota reached another record high at 931 million cubic feet of natural gas per day, up nearly 4 percent from May. The rig count was 186 in July, just one less than the 187 that were operating in June and May. As of Aug. 15, the rig count remained at 186.

Helms said he doesn't expect the rig count to increase significantly in the near future because the modern rigs have become more efficient. With the newer, more efficient rigs currently operating in the state, he said there is simply no economic driver to up the rig count.

Permitting activity was up slightly in June at 165 permits issued, but that number increased to 179 permits in July, and Helms said currently permit requests are "up dramatically." The reason, he said, is that operators are looking well beyond summer and fall into winter. He said his department has actually put on temporary additional staffing to make sure the department can accommodate the drilling need through the winter months and keep the rig count stable. ●

Contact Mike Ellerd at mellerd@bresnan.net

Helms meets with BLM on fracking rule

In his monthly press conference on Aug. 15, Oil and Gas Division Director Lynn Helms said he had met the previous day with Bureau of Land Management officials in Denver to discuss BLM's revised hydraulic fracturing rules. Helms said BLM is committed to issuing nationwide rules, and while those rules closely resemble North Dakota's existing fracturing rules, there are several provisions in the rules that have him concerned.

One of Helms' concerns is a BLM requirement for cement logging. He said BLM wants to pre-approve the amount of cement that will be placed in a well annulus between the casing and the drill hole, and then the agency wants precise measurements of how much went in and where it went. To do that, Helms said, a drill rig has to literally be shut down for several days waiting for the concrete to set up before cement logging can commence.

Helms said BLM is approaching the issue from the wrong direction. In North Dakota, he said, operators are required to confirm that the cement pumped into the annulus extends all the way to the surface. "So then we know that the whole area between the casing and drill hole has been filled with cement." If an operator can't confirm that the annulus has been filled, then the operator has to do cement logging. Helms said that only happens in some 2 percent of wells in the state.

Another concern that Helms has is with the time required for BLM to issue well permits, especially on the Fort Berthold reservation, which accounts for more than 25 percent of the state's oil production. He was told that the fracking rule would increase permitting times by 50 to 100 percent. With a current nationwide average of 225 days, a 50 percent increase could push permitting time on the reservation to well over a year. That, he said, could cut in half the rig count on the reservation, which currently stands at 22.

The permitting time problem could be exacerbated as BLM is cutting staff. Helms said BLM's "headcount is dropping and dropping precipitously," and he is concerned about the effect that fewer personnel will have on issuing permits.

—MIKE ELLERD

COMMUNITY MEETINGS

Meetings slated on ND-to-Wis. oil pipeline

Calgary-based Enbridge Energy is holding meetings the week of Aug. 18 in North Dakota, Minnesota and Wisconsin on a proposed 610-mile, \$2.5 billion pipeline designed to move oil from Tioga in western North Dakota to Superior in northern Wisconsin. The first meetings were slated for Aug. 19 in Minot, N.D. and in Superior. Other meetings were scheduled in Stanley, Devils Lake and Grand Forks in North Dakota and in Clearbrook, Park Rapids, McGregor and East Grand Forks in Minnesota.

Company officials say the pipeline, to be completed in 2016, could transport 225,000 barrels a day to a hub in Clearbrook and 375,000 bpd to the Superior terminal.

Postmaster General to visit North Dakota

U.S. Sen. John Hoeven-N.D. said Postmaster General Patrick Donahoe was slated to visit the oil boom town of Williston, N.D. and outlying areas on Aug. 21 to hear about postal-related challenges in the region, as well as discuss solutions related to delivery, customer service and future growth.

—THE ASSOCIATED PRESS

MOVING HYDROCARBONS

Rail exports decline again

Crude oil exports out of the Williston Basin via railroad declined slightly in June giving up another 1 percent of market share to pipelines following the 6 percent market share that rail lost to pipelines in May. In June, 68 percent of Williston Basin crude oil was exported on rail cars and 25 percent through pipelines. June marks the second consecutive month of rail export declines after April's record high of 75 percent fell to 69 percent in May, all of which went to pipelines. The North Dakota Pipeline Authority estimates total crude oil rail exports from the basin in June at between 632,783 and 662,783 barrels per day.

The 25 percent pipeline market share in June was an increase of 2 percent over May, the other 1 percent coming from the Tesoro refinery in Mandan. In May, 7 percent of Williston Basin crude went to the Tesoro refinery, while in that market share declined to 6 percent in June. Crude oil exports to Canadian pipelines via tanker trucks remained at 1 percent in June.

The export shifts come as the price spread between Brent crude and West Texas Intermediate, WTI, remains narrow. On Aug. 19, Brent closed on the New York Mercantile Exchange at \$109.90 per barrel and WTI closed at \$107.10, for a spread of \$2.80. The Brent-WTI spread has been progressively narrowing in 2013 since reaching a peak of \$23.19 in February.

—MIKE ELLERD

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MT ACTIVITY

are operated by Marathon Oil Co.

The Bryon Hendrickson 21-18H has an SHL at NE NW 18-31N-59E (369 FNL/1770 FWL) and a PBHL of 19,391 feet at SE SW 19-31N-59E (250 FSL/1520 FWL); the Brenda Hendrickson 41-17H has an SHL at NE NE 17-31N-59E (364 FNL/739 FEL) and a PBHL of 19,000 feet at SE SE 20-31N-59E (710 FSL/1120 FEL); the Haral Hoff 41-30H has an SHL at NE NE 30-31N-59E (297 FNL/671 FEL) and a PBHL of 19,691 feet at SW SE 31-31N-59E (250 FSL/1520 FEL).

Permit modifications/corrections

In Fallon County, a permit modification/correction was approved for the Unit 760 31C-10SHR, which has an SHL at NW NE 10-7N-60E (707 FNL/2142 FEL) and a PBHL of 15,229 feet at NW SE 9-7N-60E (2097 FSL/2434 FEL), targeting the Red River formation. The

well, in the East Lookout Butte field, is operated by Denbury Onshore LLC.

In Richland County, a permit modification/correction was issued to True Oil LLC for the Anvick 21-3 3-10H. The Anvick has an SHL at NE NW 3-25N-58E (250 FNL/2400 FWL) and a PBHL of 20,210 feet at SE SW 10-25N-58E (200 FSL/1980 FWL). The well targets the Bakken formation.

Completions

In Sheridan County, TAQA North USA Inc. reported the completion of the Flat Lake 15-9H. The Bakken formation well has an SHL at NE SE 15-37N-57E (1780 FSL/230 FEL) and a BHL of 11,527 feet at NW SW 15-37N-57E (1978 FSL/1010 FWL). The IP was reported as zero.

Expired permits

In Richland County, the permit for the Hercules 3-2H expired. The Hercules, at SW SW 2-23N-53E (280

FSL/350 FWL) was operated by Slawson Exploration Company Inc. and was permitted to the Bakken formation.

Abandoned wells

In Glacier County's East Glacier Field, two wells operated by Anschutz Exploration Corp. were approved to abandon: the Two Medicine 1-3, at C E2 W2 3-31N-12W (2640 FSL/1980 FWL) and the Two Medicine 2-3, at NW SW NW 3-31N-12W (1830 FNL/510 FWL). Both wells, according to the Board of Oil and Gas Conservation, produced from the Cone Calcareous member and the Greenhorn formation. ●

Editor's note: Darryl L. Flowers, a contributor to Petroleum News Bakken, is the publisher of the Fairfield Sun Times in Fairfield, Mont., www.fairfield-suntimes.com, and can be reached at publisher@fairfield-suntimes.com. The information is derived from the online records of the Montana Board of Oil & Gas Conservation Commission.

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TOM STEYER

zine at \$1.4 billion.

Steyer said his departure resulted from his discomfort “being with a firm that was invested in every single sector of the global economy, including tar sands and oil.”

His own role included a substantial bet last year that China’s CNOOC would complete its takeover of Calgary-based Nexen.

The Farallon fund held \$220 million worth of Nexen shares during the third quarter and when the takeover got Canadian government approval there was a handsome payoff for the hedge fund sector.

Now Steyer is accusing TransCanada of wanting to build Keystone XL to the U.S. Gulf Coast, claiming the oil will be sold to the Chinese.

Farallon also has stakes in Kinder Morgan, which wants to triple the size of its Trans Mountain system from Alberta to the Pacific Coast to allow bitumen exports to Asia.

Divestiture

But Steyer said his portfolio is being divested to bring it into line with his new thinking and has promised to donate 100 percent of his profits from those investments to victims of wildfires in the U.S. Southwest.

To raise his profile, he has engaged in a series of gimmicks, which he claims are

But Steyer said his portfolio is being divested to bring it into line with his new thinking and has promised to donate 100 percent of his profits from those investments to victims of wildfires in the U.S. Southwest.

intended to be humorous, by paying for commercials that ridicule TransCanada Chief Executive Officer Russ Girling, the oil sands industry and Canada.

One was pulled by WRC-TV, an affiliate of NBC, as being too offensive.

Undaunted, Steyer, through his anti-Keystone XL group NextGen Climate Action, challenged Girling to a live debate on Keystone XL — a challenge that was spurned by TransCanada, suggesting Steyer should operate within the regulatory framework and submit its views to the U.S. State Department, which is conducting its final review of the project.

A further sign of Steyer’s emerging political ambitions occurred in July when he challenged David Vitter, a Republican senator from Louisiana, to donate any campaign contributions he has received from the fossil fuel industry to charity.

—GARY PARK

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RAIL NETWORKS

ferentials which traders have credited with narrowing those spreads.

Keystone approval questioned

The Keystone XL project, which has become the most contentious pipeline project in many decades, was supposed to start moving Canadian oil sands crude and Bakken light crude by 2012. Serious questions are now being asked about whether it will ever get approval from the Obama administration.

ARC Financial Corp. estimates that new rail facilities with combined capacity of 708,000 bpd are planned to come onstream in Canada by 2015, compared with about 150,000 bpd the currently moves on Canadian rails.

Torq said it is negotiating multiple pipeline connections for its Kerrobert terminal, which sits within the Saskatchewan portion of the Williston Basin.

The privately held midstream oilfield service provider, which already operates a web of six terminals in Alberta and Saskatchewan, expects the new facility will start operations in the third quarter of 2014.

Construction planned this fall

Torq Chief Executive Officer Jarrett

Zielinski said construction should start this fall, assuming the company obtains a development permit.

The terminal will be served by Canadian Pacific Railway, which Torq acts for at Tilley, Alberta, and Lloydminster, Saskatchewan, while also operating on behalf of Canadian National Railway at Whitecourt, Alberta.

In addition, the company has operations at three Saskatchewan locations — Shaunavon, Unity and Bromhead.

“We feel that Kerrobert is strategic in that it allows maximum diversity and flexibility for crude-by-rail out of Western Canada,” Zielinski said.

The location “allows us not only access to vast amounts of pipeline delivered crude oil, but it also allows us to access significant quantities of heavy, undiluted crude in the Lloydminster-Kerrobert corridor.”

He said Kerrobert is as close as possible by rail to heavy crude’s natural destination markets.

Zielinski estimated the Kerrobert terminal could offer transportation savings to the U.S. Gulf Coast and east Coast of up to \$5 per barrel compared with shipping similar crudes by rail out of certain locations in Alberta.

He said the project could also benefit the oil and gas industry in the area surrounding Kerrobert. ●

Contact Gary Park through publisher@petroleumnews.com

Petroleum News Bakken

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Courtney Olson, Associate Lawyer

At Ebeltoft . Sickler . Lawyers, associate lawyer Courtney Olson concentrates her practice within the Litigation Solutions Team, where she focuses on civil litigation. She also assists with managing the firm’s criminal prosecution contracts, as well as aiding clients with collection, guardianship, eviction, and adoption matters.



COURTNEY OLSON

COURTESY PHOTO

Bakken Players

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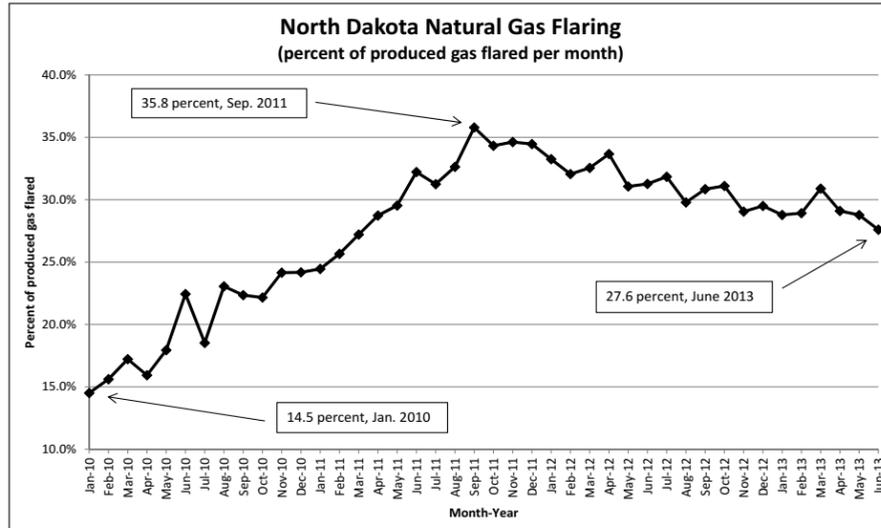
ND FLARING

state, says the new well connections are “right on par” with 175 wells brought on production in June and 175 new wells connected to gas sales. “That’s the type of progress we like to see,” Kringstad said in an Aug. 9 press conference.

August flaring applications

While progress continues on the flaring front in the state, operators continue to seek permission from the North Dakota Industrial Commission to flare wells in areas where gas gathering infrastructure is still not available. In July, 10 operators submitted applications to flare wells in 15 fields in six counties, and in August, nine operators submitted flaring applications for wells in 15 fields in seven counties.

Hess Corp. is looking for authorization to flare natural gas from all wells not connected to gathering infrastructure in five North Dakota fields until June 30, 2014,



or earlier, by which time Hess believes it will have all of its wells in those five fields connected to gathering infrastructure. Those five fields are the Baskin and Robinson Lake fields in Mountrail County, and the Blue Buttes, Hawkeye and Sather Lake fields in McKenzie County.

SM Energy submitted applications to flare gas from all unconnected wells until June 2014 at the latest in the Ambrose, West Ambrose and Colgon fields in Divide County. SM Energy believes it will have all of its wells in the three Divide County fields connected to gas infrastructure by June 2014.

In the in the Clear Water and Kittleson Sough fields in Burke County, EOG Resources is seeking authorization to flare gas indefinitely from all unconnected wells. In addition, EOG submitted a joint application with Triangle Petroleum to flare indefinitely all wells not connected to gathering systems in the Rosebud field in Williams County, and EOG filed another joint application with Hunt Oil and Sinclair Oil to flare indefinitely all unconnected wells in the Parshall field in Mountrail and McLean counties.

WPX Energy Williston filed an application with the commission seeking permission to flare indefinitely all unconnected wells in the Moccasin Creek field in Dunn County. In addition, WPX filed joint applications with Enerplus Resources (USA) and Halcon Resources to flare gas indefinitely from all wells not connected to gathering infrastructure in the Eagle Nest and McGregory Buttes fields in Dunn County. ●

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ACREAGE DEAL

Samson Oil and Gas said Slawson has contracted with its driller, Frontier Drilling, and is mobilizing that rig to the project’s Toft 2 pad to commence drilling two middle Bakken wells. Samson said Slawson has indicated intentions to pursue 160-acre infill development in the project, targeting both the middle Bakken and the first bench of the Three Forks formation.

Slawson files infill apps

Slawson is making good on its intentions and recently submitted applications to the North Dakota Industrial Commission to increase well densities on existing spacing units in the Stockyard Creek field. The applications are on the commission’s hearing docket scheduled for Aug. 29.

In those applications, Slawson is seeking authority to drill up to six Bakken pool wells on each of three existing 640-acre spacing units in the Stockyard Creek field. Neither Slawson nor Samson Oil and Gas have any active wells in the Stockyard Creek field according to Oil and Gas division records, but the records indicate that Zavanna LLC, the former operator, had one Bakken pool well on each of the 640-acre units.

Two of Zavanna’s Stockyard Creek wells, the Rodney 1-14H and Earl 1-13H, went on production in June 2011 with 24-hour initial production, IP, rates of 489 and 850 barrels of oil per day, respectively. Through June 2013, the Rodney well was pumped for 735 days yielding 114,506 barrels for an average of 155.79 bpd. The Earl has produced 183,340 barrels over 667 days through June for an average of 274.87 bpd.

The third Zavanna well, the Everett 1-15H, went on production in January 2012 with a 24-hour IP of 705 bpd. Over 424 total days of pumping, the well produced a total of 93,283 barrels through June for an average of 200.01 bpd.

Other Slawson infilling

In addition to increasing well density in the Stockyard Creek field, Slawson is looking to increase densities on existing spacing units in McKenzie and Mountrail counties. In the Bully field in east-central McKenzie County, Slawson is seeking authority to drill up to seven wells on an existing 1,280-acre unit where Slawson currently has one confidential well.

Slawson is also asking to drill up to seven wells on a 1,280-acre unit in the East

Slawson is making good on its intentions and recently submitted applications to the North Dakota Industrial Commission to increase well densities on existing spacing units in the Stockyard Creek field.

Tioga field in northwest Mountrail County. Slawson currently has two wells on that spacing unit, both of which are also on confidential status.

Samson O&G’s other assets

Samson Oil and Gas is still active on other acreage in North Dakota, and in August submitted applications to the Industrial Commission seeking authorization to drill up to seven Bakken pool wells on each of two existing standup 1,280-acre spacing units in the Rainbow field in northeast Williams County.

Samson Oil and Gas said it eventually expects to receive authorization to drill up to 14 wells on the two spacing units. Eight of those wells will target the middle Bakken, and the other two will be first bench Three Forks wells.

—MIKE ELLERD

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Keep your Samsons straight

Samson Oil and Gas is not to be confused with Tulsa-based Samson Resources, a privately held independent oil and gas development company that has been active in the Williston Basin since the late 1970s. Currently Samson Resources holds approximately 75,000 acres in the company’s Ambrose focus area in north-central Divide County. North Dakota Oil and Gas Division records indicate that Samson Resources currently has 86 active wells in the state with another 58 on confidential status. Most are in the Ambrose and West Ambrose fields in the north-central area of Divide County just below the Canadian Border.

Samson Resources has other Rocky Mountain operations in Powder River, Green River and San Juan basins as well as Mid-Continent and East Texas operations.

Samson Resources plans to drill approximately 40 gross operated wells in 2013, and in August the company submitted applications to the North Dakota Industrial Commission asking that multiple spacing units be created in Ambrose and Blooming Prairie fields where it wants to drill multiple wells in each (see related story on page 1).

In December 2012, Samson Resources closed on a \$650 million sale of approximately 116,000 net acres primarily in Divide and Williams counties to Continental Resources. At the time, production from those acreages was approximately 5,600 barrels of oil equivalent per day. Samson Resources has maintained its holdings in northern Divide County

Samson Resources has other Rocky Mountain operations in Powder River, Green River and San Juan basins as well as Mid-Continent and East Texas operations. Samson Resources is a subsidiary of Samson Investment Co., although in late 2011, most of the investment company’s holdings, including those in North Dakota, were acquired by the private equity firm KKR & Co. in a deal worth a reported \$7.2 billion.

—MIKE ELLERD

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SPACING REQUESTS

more overlapping 2,560s in the Antelope-Sanish pool alone, and one 2,560 in the Blue Buttes-Bakken and/or Spotted Horn-Bakken pools, all in McKenzie County.

In addition, Hess is asking the commission to create two overlapping 2,560s in the Robinson Lake Bakken pool, one in the Manitou and/or Big Butte Bakken pool in Mountrail County, and the other in the Alkali Creek-Bakken pool in McKenzie County.

Hess also requests an overlapping 2,560-acre unit in the Hawkeye, Union Center and/or Clear Creek-Bakken pool, in McKenzie County, and another in the Big Gulch-Bakken pool in Dunn County.

In all of the 27 new units, Hess wants to drill one or more horizontal wells between the individual spacing units that will comprise the overlapping units.

Corinthian's Spearfish/Madison units

Calgary-based Corinthian Exploration (USA) Corp. wants the commission to create 20 new 320-acre spacing units and one new overlapping 160-acre unit in northern Bottineau County near the

Canadian border. Corinthian is looking to drill up to 252 new wells on the 21 spacing units.

Nineteen of the 20 spacing units are in or near the Haram field where the company wants to drill up to 12 Red Rock-Spearfish/Madison pool wells on each unit. The other unit is adjacent to the Cimbel field where Corinthian wants to drill up to 12 Roth-Spearfish/Madison pool wells.

The 160-acre unit that Corinthian wants created is in the Souris field where the company wants to drill up to five horizontal Souris-Spearfish/Madison pool wells.

Whiting looking for 2,560s

Whiting Oil and Gas is asking the commission to create nine overlapping 2,560-acre spacing units in the Pleasant Hill, Ellsworth, and/or Juniper fields in central McKenzie County. The company wants to drill one horizontal well at or near the common boundaries of the sections comprising the overlapping units.

Whiting also wants the commission to create one 2,560-acre unit in the Timber Creek and/or Arnegard fields, also in the central region of the county, and another

in the Sioux and/or Lonesome fields in northwest region of the county. In those units the company again wants to drill one horizontal well at or near the common boundaries of the sections comprising the overlapping units

XTO and Samson Resources apps

XTO Energy is asking that the commission create six overlapping 1,280-acre spacing units, five in the Murphy Creek-Bakken pool in Dunn County, and one in the Siverston-Bakken pool in McKenzie County. XTO is also asking for the creation of one 2,560-acre unit, also in the Siverston-Bakken pool. The company wants to drill "multiple" wells on the five 1,280s and one on the 2,560 in the Murphy Creek field, and up to 10 on the 1,280 in the Siverston field.

Tulsa-based Samson Resources Co. is asking that the commission create one 5,120-acre unit, one 4,160-acre unit and three 1,280-acre units, all in the company's Ambrose focus area in north-central Divide County. The 5,120-acre unit and one of the 1,280-acre units are in the Ambrose-Bakken pool. The 4,160-acre unit is in the West Ambrose-Bakken pool which borders the Ambrose field on the

west. The remaining two 1,280-acre units are in the Blooming Prairie-Bakken pool, which borders the Ambrose field on the east. Samson Resources is seeking authorization to drill multiple wells on each.

Other spacing unit requests

Zenergy Inc. wants four 2,560-acre units created in the Foreman Butte-Bakken pool in McKenzie County for the purpose of drilling six wells on each. Statoil wants two 1,440-acre units created in Briar Creek-Bakken pool in McKenzie and Williams counties where it too wants to drill up to six wells on each. WPX Energy is asking that the commission create two 1,280-acre units in the Reunion Bay-Bakken pool in Mountrail and Dunn counties where it wants to drill up to seven wells on each.

In the Tobacco Garden-Bakken pool in McKenzie County, Newfield Production Co. wants one 2,560-acre unit created where it wants to drill one horizontal well across the section lines separating two lay-down 1,280-acre units. Newfield is also asking the commission to create two 1,280-acre units in the Lost Bridge-Bakken pool in Dunn County and authorize the drilling of multiple wells on each. In that same application Newfield seeks authorization to drill multiple wells on each of three existing 640-acre in the same field.

Peregrine Petroleum Partners is asking the commission to create two 1,280-acre units, one in either the Covered Bridge or Pierre Creek-Bakken pools in McKenzie County, and the other in the Buckhorn-Bakken pool in Billings County. Peregrine wants to drill up to two wells on the McKenzie County spacing unit and up to three wells on the Billings County unit.

Hunt Oil Co. wants the commission to create two overlapping 2,560-acre units in the Werner-Bakken pool, and another 2,560-acre unit in the Wolf Bay-Bakken pool, both in Dunn County. Hunt wants to drill one horizontal well on each of the new spacing units.

QEP is also asking the commission to establish a new 1,280-acre unit in the Grail field in northeast McKenzie County where the company wants to drill one horizontal well (see related story on page 5).

In the Reunion Bay and/or Big Ben-Bakken pools in Mountrail County, Marathon Oil Co. wants the commission to create one overlapping 2,560-acre unit for the drilling of one or more horizontal wells.

In the Wolf Bay-Bakken pool in Dunn County, Marathon is asking the commission to split up an existing 2,560-acre unit and reestablish two former 1,280-acre units. Marathon drilled a well across two of the four sections comprising the 2,560, but says it does not anticipate drilling any wells on the other section, and believes disestablishing the 2,560 is appropriate to "protect correlative rights, prevent waste, and prevent the drilling of unnecessary wells."

Other non-Bakken requests

In other non-Bakken system requests, Continental Resources is asking the commission to create a 320-acre unit in the Medicine Pole Hills field in southwest Bowman County. Continental also wants authorization to drill one horizontal well in the Red River "C" and "D" zones.

In Golden Valley County, Whiting is asking that the commission create two separate 320-acre spacing units where it wants to drill one vertical Red River well in each. These spacing units are not within established fields.

—MIKE ELLERD

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