



page ND crude production up; rig count
10 steady in mid-April at 186

Waiting for spring in WB



VERN WHITTEN PHOTOGRAPHY

In the Williston Basin, east of Watford City, North Dakota.

Enbridge, Tundra plan rail terminal expansion in Manitoba

Enbridge Inc. and Tundra Energy Marketing Ltd. are working together on rail terminal to bring growing light oil production from Saskatchewan, Manitoba and North Dakota to Ontario and U.S. Midwest market by rail and pipeline.

Under a memorandum of understanding announced April 16, each company will own half of a loading terminal near Cromer, Man. The facility will be capable of loading up to 60,000 barrels a day into rail cars providing interconnection with Enbridge's Bakken Pipeline Expansion Project, Enbridge Pipeline (Saskatchewan) Inc. and Tundra's Manitoba gathering systems to move Midale, Light Sour Blend and North Dakota Bakken oil through the facility.

The facility will also have access to trucked-in volumes and tank storage capabilities.

Tundra will build and operate the facility and rail service will be provided by CN Rail.

The terminal, previously announced by Tundra, is being built in two phases.

The first 30,000-barrel-per-day phase is under construc-

see **RAIL EXPANSION** page 23

Kodiak sales more than double

Williston Basin operator Kodiak Oil & Gas Corp. has pulled out the stops, more than doubling sales volumes in a year's time.

Daily sales volumes rocketed to an average 21,700 barrels of oil equivalent in the first quarter of 2013, compared to 10,578 boe during the first quarter of 2012, a whopping 105 percent increase, the Denver-based company reported April 15.

Compared to the fourth quarter of 2012, Kodiak added, 2013 first quarter sales volumes jumped 19 percent from previous quarter volumes of 18,228 boe per day.

Crude oil accounted for 88 percent of its first quarter 2013 sales volumes.

"We ... believe that we are on course to deliver sustained production growth during the remaining quarters," said Lynn Peterson, Kodiak's chairman and chief executive officer. "We kind of see that same growth as we go through the second quarter here. And that point we start to ratchet this thing up."

Kodiak has said that for full-year 2013, it expects production to average between 29,000 to 31,000 boe per day.

"We believe we're on target to hit our guidance that we put out earlier," Peterson said.

see **KODIAK SALES** page 24

DRILLING & COMPLETION

Evolution continues

Densities could reach 24 wells per pad; 6,000 wells over next 3 years

By **MIKE ELLERD**

For Petroleum News Bakken

During an April 16 press conference, Lynn Helms, director of the Oil and Gas Division of North Dakota Industrial Commission's Department of Mineral Resources, took a few minutes to talk about the rapid shift to multi-well pad operations in the state. He said that in 2012 the division issued 530 orders approving multi-well drilling, and had an additional 334 applications the orders for which have not yet been signed, bringing the total number of multi-well pad cases heard in 2012 and early 2013 to 864.

Helms said the number of wells per pad typically ranges from six to eight, with seven wells per pad

... three orders have been signed approving 18 wells per pad, which is the highest number approved to date. ... Helms said he knows of some proposals that will be submitted in coming months to attempt several 24-well pads.

being the most popular. At seven wells per pad, those 864 multi-well cases, he said, works out to approximately 6,000 wells that the industry is proposing. But he estimates that it will take approximately three years to get those 6,000 wells drilled and completed. "So just with what we have on the

see **MULTI-WELL PADS** page 27

MOVING HYDROCARBONS

Alberta makes XL push

Continues lobbying US, proposes to slash greenhouse gas emissions 40%

By **GARY PARK**

For Petroleum News Bakken

The Canadian and Alberta governments are doing all they can to persuade key decision-makers in Washington, D.C., to approve the Keystone XL pipeline, amid speculation that Alberta is pondering tough new environmental standards to soften its public image.

Speculation is rife that Alberta is testing the petroleum industry and Canadian government responses to plans for a sharply higher carbon tax, matched by a 40 percent reduction in per-barrel greenhouse gas emissions, GHGs.

Unable to obtain a clear-cut victory for their case that Keystone XL will deliver Bakken crude

FirstEnergy Capital estimated the 40/40 plan would cost some oil sands producers about 60 cents per barrel after tax.

along with Alberta oil sands crude to the Gulf Coast, thus bolstering U.S. energy security and creating thousands of jobs, the two governments are digging even deeper into their bag of tricks.

In separate missions to Washington, D.C., earlier in April, Alberta Premier Alison Redford and Canadian Environment Minister Peter Kent "spread the good news" about new efforts to strengthen their environmental policies.

see **XL PUSH** page 27

ENVIRONMENT & SAFETY

Good news on gas flaring

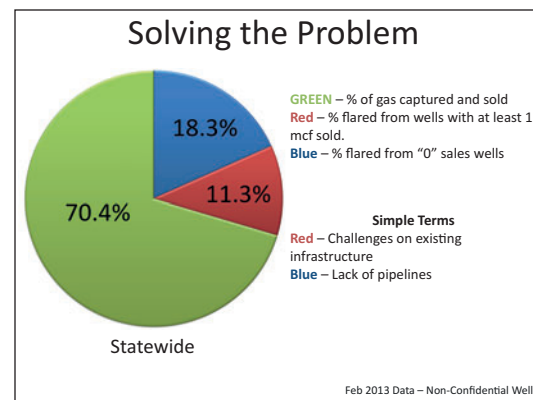
While ND flaring increased in February, period of time a well flares declining

By **MIKE ELLERD**

For Petroleum News Bakken

In his monthly press conference, North Dakota Oil and Gas Division Director Lynn Helms said flaring in North Dakota increased to 30.4 percent in February, up from the 29 percent where flaring had been for four months. However, while that increase is negative news at first blush, Helms said there is actually more to the flaring story that put the situation in a more positive light.

Going back to 2007, Helms said his group looked at the actual number of days that a typical North Dakota well was flared. In 2007, he says, a typical well was flared for 380 days, but by 2011 that number had fallen by more than half to 172 days. Then by the end of 2012, the number fell by



more than two-thirds to 51 days.

So even though the amount of natural gas flared in the state continues to hover around 30

see **GAS FLARING** page 26

contents

Petroleum News Bakken

ON THE COVER

Evolution continues

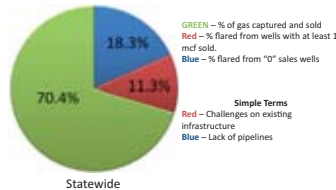
Densities could reach 24 wells per pad; 6,000 wells over next 3 years

Alberta makes all-out XL push

Continues lobbying US, proposes to slash greenhouse gas emissions 40%

Good news on gas flaring

While ND flaring increased in February, period of time a well flares declining



Enbridge, Tundra plan rail terminal expansion in Manitoba

Kodiak sales more than double

Rail exports surpass 70 percent

BAKKEN STATS

- 15** North Dakota Pipeline Authority, monthly update April 15
- 15** Oneok projects as of April 9
- 15** Crude oil prices, April 16
- 15** US Williston Basin 2013 BOPD
- 15** Estimated ND rail export volumes
- 15** ND Bakken oil production by company, February
- 16** Montana Bakken oil production by company, February
- 17** Montana oil activity report, April 5-11
- 17** Bakken producers' stock prices
- 17** Looking for a rig report?
- 18** North Dakota well operator transfers, April 6 – April 12
- 19** IPs for ND Bakken wells, April 2 – April 8
SIDEBAR, Page 19: Top 10 Bakken wells by IP rate, April 2-8
- 20** IPs for ND Bakken wells, April 9 – April 15
SIDEBAR, Page 20: Top 10 Bakken wells by IP rate, April 9-15
- 21** Top 50 North Dakota Bakken oil producers, February

COMPANY UPDATE

- 4** Legacy Oil + Gas on expansion spree

5 Update: Hess in the crosshairs

New York hedge fund still targeting one of Bakken's largest oil producers; wants Hess split in two; vote coming in May



8 Passport builds on Saskatchewan results

25 Halcon upbeat on Bakken well modifications

GOVERNMENT

23 House group forms freight-focused panel

LAND & LEASING

3 North Dakota auction targets Bakken core

Trust Lands May nominations also include Bakken fringe and beyond; Whiting high bidder online for Yellowstone riverbed tract

9 Samson Oil boosts Bakken holdings

SIDEBAR, Page 9: Black Ridge reveals Rainbow swap

12 Montana June auction lists 3,355 Bakken acres

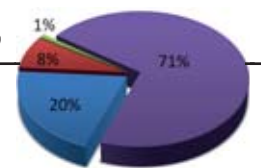
12 BLM sale targets mainly eastern Montana

MERGERS & ACQUISITIONS

13 Northern Frac acquires sand reserves

MOVING HYDROCARBONS

13 WB rail exports surpass 70 percent



PEOPLE TALK

9 Langdon, Richard nominated to Abraxas board

9 SM Energy promotes Copeland, Monark

11 Energy Outreach donates \$60K to After School Program

PERMITTING ACTIVITY

6 Continental leads Montana filings

PRODUCTION

10 North Dakota oil production up in February

Winter weather, road restrictions still hamper oil production; could continue to May; rig count steady at 186 in mid-April



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North Dakota auction targets Bakken core

Trust Lands May nominations also include Bakken fringe and beyond; Whiting high bidder online for Yellowstone riverbed tract

By **MIKE ELLERD**

For Petroleum News Bakken

On April 10, the Minerals Management Division of the North Dakota Board of University and School Lands' Department of Trust Lands released nominations for its May 7 oil and gas lease auction. A total of 14,808 acres in 195 separate tracts in 13 western North Dakota counties were nominated for an average of approximately 76 acres per tract (see chart).

The acreages nominated for the May lease auction are in Billings, Bottineau, Bowman, Burke, Dunn, Hettinger, McKenzie, McLean, Mountrail, Renville, Slope, Stark and Ward counties (see charts). The highest nominated acreage is in Mountrail County at 3,349 acres; the lowest is in Renville at 80 acres. The 195 tracts range in size from 160 acres down to a low of 0.07 acre for a Missouri riverbed tract in Dunn County. The highest average acreage per tract is in Billings County at approximately 112 acres per tract. The lowest is in Bottineau at 44 acres per tract.

While most of the nominated acreages are in the core of the Bakken petroleum system, i.e., Burke, Dunn, McKenzie and Mountrail counties, the other nine counties with nominated acreages are either on the fringe of what is generally considered the boundaries of the system or beyond those boundaries. Bowman, Slope, Hettinger, Billings and Stark counties are in the far southwest corner of the state; Renville and Bottineau counties are on the Canadian border in north-central North Dakota; and Ward and McLean counties are farther east near the central region of the state. Slightly over half of the acres nominated in Dunn County are Missouri riverbed tracts.

The May 7 North Dakota Trust Lands lease auction will be held in the House chambers of the North Dakota state capitol building in Bismarck beginning at 9:00 a.m. Central Daylight Time.

10-year perspective

The 14,808 acres nominated for the

County	Acres	Tracts	Average Acres per Tract	High Tract Acreage	Low Tract Acreage
Mountrail	3,349.42	54	62.03	160.00	8.00
McKenzie	2,686.79	24	111.95	160.00	5.10
Ward	2,127.93	27	78.81	160.00	1.93
Slope	1,996.71	22	90.76	160.00	75.00
Dunn	1,450.43	26	55.79	160.00	0.07
Burke	1,401.26	16	87.58	160.00	39.84
Billings	559.22	5	111.84	160.00	79.28
McLean	492.70	9	54.74	80.00	20.00
Bottineau	176.00	4	44.00	80.00	8.00
Hettinger	168.00	3	56.00	80.00	8.00
Bowman	160.00	2	80.00	80.00	80.00
Stark	160.00	2	80.00	80.00	80.00
Renville	80.00	1	80.00	80.00	80.00
Total	14,808.46	195	76.42	160.00	0.07

Year	Feb.	May	Aug.	Nov.	Total
2013	27,356	14,808	—	—	—
2012	69,942	10,447	16,665	9,421	106,475
2011	11,544	61,041	9,505	5,021	87,111
2010	40,178	53,275	41,576	29,819	164,848
2009	9,117	33,659	36,174	58,927	137,877
2008	34,934	17,155	27,754	24,284	104,127
2007	31,529	6,812	10,684	16,357	65,382
2006	39,253	18,929	58,788	114,298	231,268
2005	52,019	13,576	17,795	27,589	110,979
2004	12,608	29,280	85,206	90,285	217,379
2003	4,954	11,321	19,913	14,843	51,031
Average	30,312	25,550	32,406	39,084	127,648

May 7 auction is up from the 10,447 acres that were leased in May 2012, but is well below the 10-year May average of 25,550 acres (see chart). The three highest acreages leased in the May sale over the last 10 years were in 2011, 2010 and 2009 when 61,041, 53,275 and 33,659 acres were leased, respectively.

The May nomination acreage of 14,808 acres is also down from the 27,356 acres that were leased in the February 2013 auction. That total was near the 10-year February average of 30,312 acres. The November lease auction has the highest 10-year average at 39,084 acres. The highest acreage leased in auctions over the last

10 years was 114,298 acres leased in November 2006.

ND's March online auction

In March, Trust Lands offered a 174-acre Yellowstone riverbed tract in McKenzie County for lease through EnergyNet's online auction service. Whiting Petroleum Corp. nominated the tract and had submitted an application for expenditure or AFE to the Department of Trust Lands to complete its Keykendall 34-31-1H Middle Bakken well under the Yellowstone River just south of the river's confluence with the Missouri River near the Montana border in far western McKenzie County. Three bidders submitted online bids from March 18 through March 21. Whiting was the successful bidder acquiring the lease for \$2,760 per acre.

This was the first online auction that EnergyNet conducted on behalf of North Dakota Trust Lands since August 2012 when EnergyNet auctioned an 80-acre tract in southeastern McKenzie County. North Dakota Trust Lands uses the online auction service when acreages are found within spacing units that were either never leased or had an expired lease and when operators want to proceed with development without having to wait for the next quarterly live auction. ●

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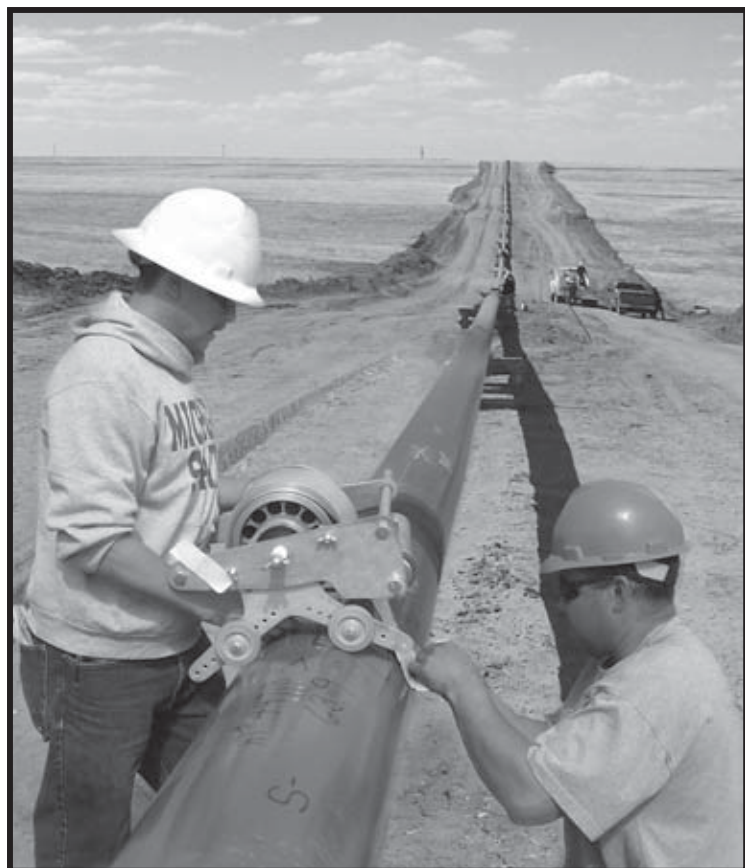
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Petroleum News Bakken • Vol. 2, No. 1 • Week of April 21, 2013



Published weekly. Address: 5441 Old Seward, #3, Anchorage, AK 99518
(Please mail ALL correspondence to: P.O. Box 231647 Anchorage, AK 99523-1647)
Subscription prices in U.S. — \$98.00 1 year, \$176.00 2 years • Canada — \$185.95 1 year, \$334.95 2 years
Overseas (sent air mail) — \$220.00 1 year, \$396.00 2 years
POSTMASTER: Send address changes to Petroleum News, P.O. Box 231647 Anchorage, AK 99523-1647.

COMPANY UPDATE

Legacy Oil + Gas on expansion spree

Calculated at C\$99,363 per boe of long reserve life, high netback production; proved plus probable reserve cost C\$19.46 per boe

By **GARY PARK**

For Petroleum News Bakken

Legacy Oil + Gas has added to its resource light oil holdings in its core Saskatchewan and Alberta areas and taken over privately held Villanova Oil.

The transactions will boost its targeted 2013 production to 19,000 barrels of oil equivalent per day (90 percent oil and natural gas liquids) and an exit rate for the year of 21,500 boe per day. Capital spending for the year is now pegged at C\$310 million.

The acquisitions in southeastern Saskatchewan and the Turner Valley area of southern Alberta were negotiated with an unidentified senior producer, believed by industry sources to be Enerplus, for C\$57.5 million, plus Legacy's minor working interest in Saskatchewan's Freda Lake unit.

Enerplus owns a 99.86 percent working interest in Freda Lake along with the Turner Valley assets.

The producing properties are predominantly operated with a high working interest and come with three-dimensional seismic coverage and control of key infrastructure.

The Villanova deal for C\$21.3 million in cash and 13.9 million Legacy common shares at a deemed price of C\$5.48 per share will also see Legacy assume Villanova's C\$29.8 million of net debt, raising the overall value to C\$127.3 million.

Several adjacent properties

Several of Villanova's properties are located adjacent to Legacy's operated assets.

The deal also includes 11,520 gross acres prospective for Midale, Bakken and Three Forks light oil adjacent to Legacy's Pinto property, allowing Legacy to consolidate interests in the pay while adding bolt-on production and lands in its other southeast Saskatchewan conventional production areas of Alameda, Manor and Carnduff/Souris Flat.

The combined light oil assets and the Villanova acquisition adds several sections in Legacy's Taylorton and Pinto core areas

and 32,522 net acres of undeveloped land.

Current production from the properties is 1,775 boe per day (98 percent light oil), while proved plus probable reserves are estimated at 9.1 million boe, with a proved plus probable reserve life index of 14 years.

The combined transactions are calculated at C\$99,363 per boe of long reserve life, high netback production, with proved plus probable reserves costing C\$19.46 per boe.

The acquisitions offer 194 gross and 82.6 net development drilling locations and an estimated operating netback of C\$60 per boe.

First quarter drilling

In the first quarter of 2013, Legacy drilled 43 gross (34.6 net) wells with a 100 percent success rate, including 14 gross (11 net) Spearfish horizontal wells in Legacy's Pierson and Bottineau county areas in southwest Manitoba and North Dakota.

Legacy said it continues to have success in Steelman, with seven wells brought on production in the quarter, with four of the wells yielding 20-day initial production rates of 200 boe per day per well, while the other three have demonstrated un-optimized initial rates of 125-550 boe per day.

At Turner Valley, Legacy said it has continued to evolve drilling and completion practices to optimize both production rates and capital costs.

Drilling to date has targeted infill locations testing areas of varying water cut, reservoir pressure, proximity to water injection and three different stratigraphic horizons.

The company disclosed that its most recent well at Candor No. 2 was brought on production recently and has so far produced in excess of 300 boe per day with a 25 percent water cut.

It has also completed a 35 square kilometer 3-D seismic survey over the southern half of the Turner Valley pool, which extends into the Southern Alberta Bakken. ●

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● COMPANY UPDATE

Update: Hess in the crosshairs

New York hedge fund still targeting one of Bakken's largest oil producers; wants Hess split in two; vote coming in May

By MIKE ELLERD

For Petroleum News Bakken

Since January, Hess Corp. and its chairman, John B. Hess, have been under fire from Elliot Management, a New York hedge fund run by billionaire Paul Singer, which claims that Hess been mismanaged for years, needs new blood on its board of directors, and should be split into two separate companies based on domestic and international assets. Hess couldn't disagree more.

Elliot, which oversees some \$21 billion in assets and owns approximately 4.5 percent of Hess stock valued at more than \$1.1 billion, is aggressively campaigning to get five of its selected nominees elected to Hess's 14-member board of directors to fill seats opening up by retiring board members.

But Hess is not taking the criticism lightly, nor is it supporting Elliot's nominations to the board. The corporation, led by John B. Hess, has been selling various assets as part of an ongoing transformation into a pure play company, a plan that Hess says will allow the company to focus on exploration and production of its most promising lower risk, higher growth, oil-linked projects, such as the Bakken. And not surprisingly, Hess has its own list of nominees it wants elected to the board.

The conflict is heading for a showdown in May when the shareholder vote on the new board members closes just before the shareholders meet at their annual meeting in Houston on May 16.

Hess is the second largest producer in the Bakken behind Continental Resources based on North Dakota Industrial Commission statistics for oil output from company operated wells. As Petroleum News Bakken reported in February, Hess's 2012 Bakken production averaged 56,000 barrels of oil equivalent per day, which was an increase of 87 percent over Hess's 2011 Bakken production. (See March numbers on page 1 of this issue.)

Elliot's complaints

The first salvo in the fracas came in late January when Elliot Management issued a detailed, 11-page letter to Hess shareholders blasting Hess on a number of fronts, including what the hedge fund considers Hess's underperformance, which it describes as a general deficiency in experience and independence of the corporation's 17-member board of directors, and an overall lack of corporate focus and strategy. The Elliot letter included the names of five individuals that the hedge fund has selected as nominees to Hess's board of directors. Elliot said it hoped those five nominees could "provide shareholders an alternative to the poor performance and lack of accountability currently at Hess."

Elliot went a step further and retained the Houston petroleum engineering firm W.D. Von Gonten and Co. to assess the value of Hess's Bakken assets relative to peer companies operating in the Williston Basin. According to Elliot, the Von Gonten analysis found that "Hess's Bakken asset has a higher per acre value than Continental and Oasis and that the total value of Hess's acreage is comparable to the total value of Continental's Bakken acreage. This view of the quality of the company's acreage position was supported by anecdotal commentary from other Bakken-focused operators."



JOHN B. HESS



PAUL SINGER

In addition, Elliot noted that Hess has valuable assets in the Eagle Ford and Utica plays as well as offshore plays in the Gulf of Mexico, North Sea, West Africa and Southeast Asia.

Claims of mismanagement

Specific to the Bakken, Elliot claims that Hess has mismanaged this entire operation, contending Hess's well costs in the Bakken are some \$3 million above the industry average, and criticizing Hess for its dual-lateral well program, a technology that Elliot says is not well suited to the Bakken. Elliot also maintains that Hess suffers from market penalties in that its stock trades at a lower cash flow multiple than other Bakken operators.

In its January letter, Elliot says it believes the best approach for Hess going forward is to first split its domestic resource plays from its international portfolio and form two separate companies, and then divest the company's midstream and downstream assets.

"After extensive study and analysis, we are convinced that tremendous value is trapped inside the company as a result of poor oversight by a board of directors lacking both the experience and independence to set a clear, shareholder-focused, value-creating strategy," the Elliot Management letter said. "As a result, we have identified and are submitting for election at the company's 2013 Annual Meeting a slate of five independent, highly qualified nominees to join Hess's board."

Hess fires back

Hess has steadfastly denied all of

"After extensive study and analysis, we are convinced that tremendous value is trapped inside the company as a result of poor oversight by a board of directors lacking both the experience and independence to set a clear, shareholder-focused, value-creating strategy."

— Elliot Management

Elliot's allegations and is pushing back on all of Elliot's efforts to restructure the corporation. On March 4, Hess issued a press release and a letter to shareholders that refuted Elliot's claims. In that letter Hess states that "Despite the strong endorsement our plan has received from independent Wall Street analysts and our shareholders alike, Elliott Management — an activist hedge fund run by Paul Singer that only recently began accumulating Hess stock — is asking you to elect a slate of dissident directors who have already compromised their independence by agreeing to be paid directly by Elliott to support the hedge fund's short term agenda. Under this highly unusual scheme, Elliott would control its directors by potentially paying them millions in cash to effectively dismantle Hess and all but foreclose the prospect of future value creation."

Hess also announced on March 4 its own five nominees to the board of directors and the appointment of a new independent director to replace a director who retired on March 1.

Hess transitions to pure play

In a separate press release issued on March 4, Hess provided an update on the corporation's multi-year transformation into a pure play exploration and production company. In that press release, Hess announced that it is getting out of its downstream businesses, divesting some of its international assets, and is pursuing monetization of its Bakken midstream assets.

As part of the transformation to a pure play E&P company, Hess has been divesting a variety of assets. In late 2012, Hess announced plans to sell its interests in its North Sea assets to Royal Dutch Shell for \$525 million. In mid-March, Sanchez Energy of Houston announced it had

reached an agreement with Hess to acquire 43,000 net acres that Hess held in the Eagle Ford play in Texas, a deal reportedly worth approximately \$265 million. In late March Hess announced that it completed the sale of its interests in the Azeri, Chirag and Guneshli fields in the Caspian Sea and its associated BTC pipeline for net proceeds of \$884 million. And on April 1, Hess announced it has entered into an agreement to sell 100 percent of its Russian subsidiary Samara-Nafta to OAO Lukoil for a total consideration of \$2.05 billion.

The latest shots

Since the two sides sent out their initial letters to shareholders, each side has sent out other correspondence to shareholders affirming their positions and urging shareholders to vote for their nominees to the board. Some of the rhetoric in the letters gets pretty nasty. The latest Elliot letter was issued on April 4, and the latest Hess letter was issued on April 15.

Elliot's April 4 letter, which is another 11 pages long, continues with allegations of mismanagement by Hess, and claims that Hess has lost billions of dollars through hedging and in its refineries and exploration programs.

"Hess attempts to sweep such drastic losses under the carpet by claiming the cash flow went to the Bakken. The reality is that Hess funded the Bakken with its balance sheet, raising more debt and similar amounts of equity as Continental," the Elliot letter says.

Hess fired back in its April 15 letter saying "We also continue to significantly cut capital expenditures and exploration spending, while driving production growth and maintaining a focused exploration

see HESS UNDER FIRE page 7

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● PERMITTING ACTIVITY

Continental leads Montana filings

Richland County center of Montana DNRC's April well/spacing application hearings; activity focused on eastern counties of state

By MIKE ELLERD

For Petroleum News Bakken

Continental Resources led in drilling and new spacing unit applications filed with the Montana Department of Natural Resources and Conservation's Board of Oil and Gas Conservation which the board will consider in its bimonthly hearings scheduled for April 24 and 25 in Butte, Mont.

With the exception of an application to drill three wells in Yellowstone County and a request to suspend field rules in neighboring Big Horn County in south-central Montana, all drilling and spacing unit applications on the docket for the April hearings are in the five eastern Montana counties: Dawson, Fallon, Richland, Roosevelt and Sheridan.

A large majority of the applications are for proposed activities in Richland County. While a few of the applications target the

While a few of the applications target the Red River formation in Dawson and Fallon counties, most drilling and spacing unit applications are directed at the Bakken and Three Forks formations.

Red River formation in Dawson and Fallon counties, most drilling and spacing unit applications are directed at the Bakken and Three Forks formations. All proposed Bakken and Three Forks wells are horizontal.

In Montana, standard well setback distances in spacing units are 660 feet for both heel/toe (north/south) and lateral (east/west) setbacks. However, operators routinely seek reductions in setbacks, especially for infill drilling, and most of the drilling applications the Montana Board of

Oil and Gas will consider in late April include requests for setback reductions.

Additionally, Montana initially establishes temporary spacing units but requires those spacing units to be upgraded to permanent status for the distribution of proceeds if wells on the unit are productive. A number of the applications that the board will consider in April include requests for a change in status of spacing units from temporary to permanent.

Continental's Richland County apps

All of Continental's applications are for activities in Richland County, which borders McKenzie County, N.D. In total, the company is looking to install 48 new horizontal Bakken/Three Forks wells.

The company is asking permission from the board to drill one new horizontal Bakken/Three Forks well on each of 14 separate 640-acre spacing units. The company is also asking the board to reduce the

heel/toe (north/south) setback distance for all of its new wells to 200 feet.

In addition, Continental is seeking permission to install a total of 34 additional wells on 13 existing spacing units. Continental wants to drill one, three or four additional wells on eight separate 640-acre units, depending on the unit, and one or three additional wells on four separate 1,280-acre units, depending on the unit. In addition, Continental wants to drill three additional wells on a 1,920-acre unit.

Continental is also asking the board to make permanent a number of temporary spacing units where it has already drilled a horizontal well on each. Specifically, the company is asking that the board establish a total of two permanent 640-acre spacing units, seven permanent 1,280-acre units and one permanent 1,920-acre unit where it has already drilled one horizontal well on each unit.

And there are a number of existing spacing units for which Continental has already received permission to drill but now wants the setbacks reduced. In three separate 2,560-acre spacing units and on one 1,280-acre unit, the company is asking the board to reduce north/south (heel/toe) setbacks from 500 feet to 200 feet. The board had previously authorized drilling Bakken/Three Forks wells on a 1,280-acre unit with heel/toe and lateral setbacks of 200 and 1,320 feet, respectively. Continental is asking that the lateral setback in that spacing unit be reduced to 500 feet.

Other Richland County apps

Elsewhere in Richland County, Whiting Oil and Gas Co. is asking for authorization to drill one additional well on an existing permanent 1,280-acre spacing unit, and up to three additional horizontal wells on five other existing 1,280-acre units for a total of up to 16 wells. In addition, Whiting is also asking that heel/toe and lateral setbacks be reduced to 200 and 500 feet, respectively, in all five units.

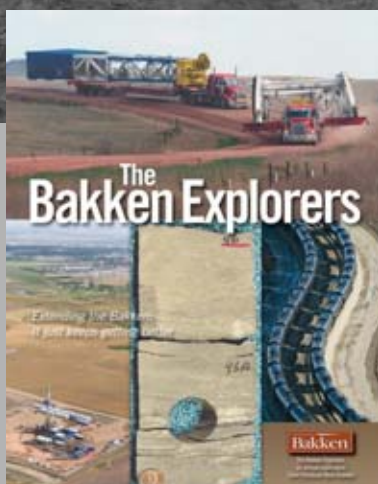
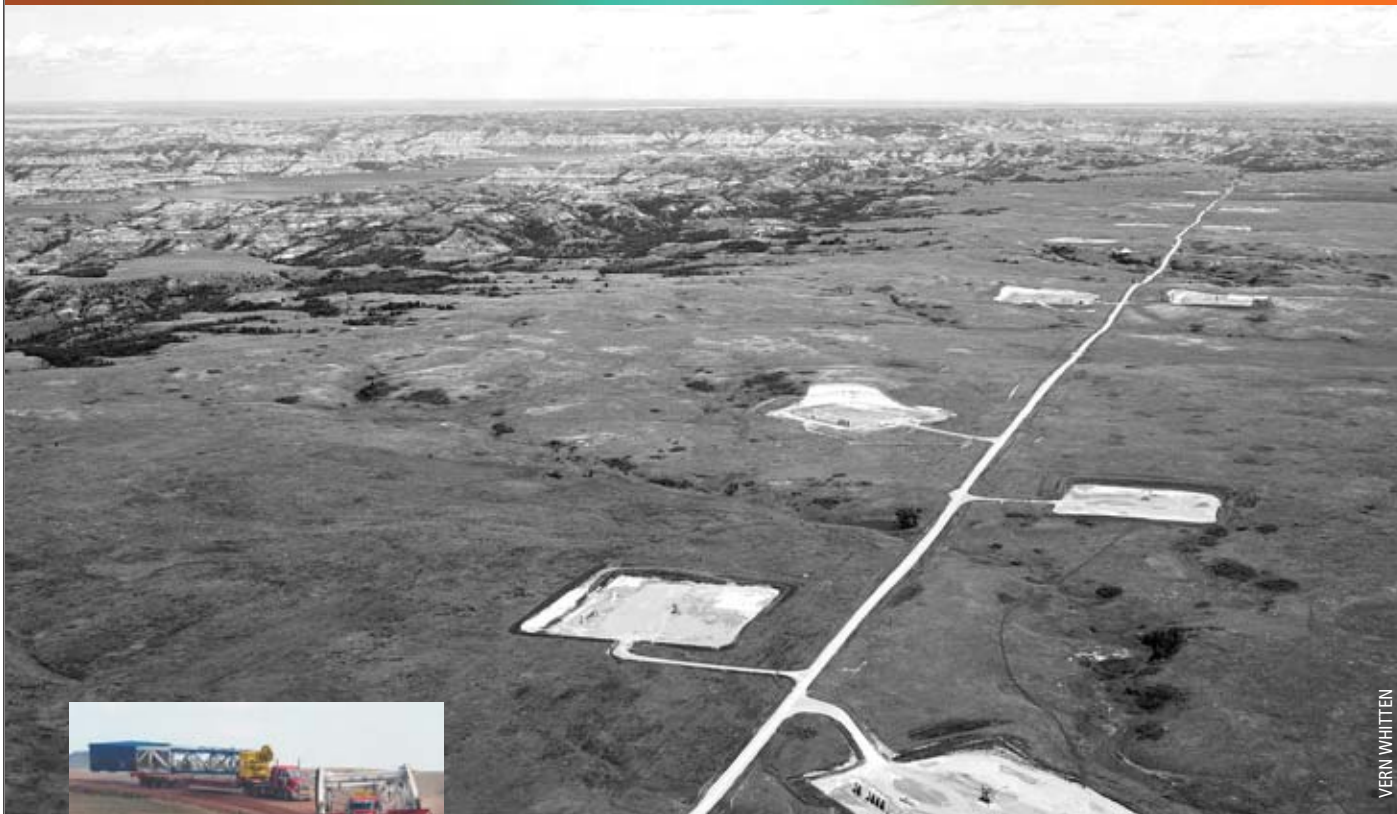
Whiting has another five temporary 1,280-acre units where it has drilled one well in each, and is asking the board to make these spacing units permanent to allow for oil and gas production. Statoil is making the same request for six 1,280-acre units in which it has drilled one well each, as is XTO Energy for one 1,280-acre unit and one 640-acre unit where it has also drilled one well in each.

Slawson Exploration is asking the board to create six new 1,280-acre units and one new 640-acre unit in Richland County where the company wants to drill one horizontal Bakken/Three Forks well in each. Slawson is also asking that it be allowed to drill up to four additional wells on three 640-acre units and on one 1,280-acre unit for up to 12 additional Richland County wells. Slawson is also asking the board to make permanent one 1,280-acre unit, three 640-acre units and one 320-acre unit to allow wells on those units to produce.

Meanwhile, Oasis Petroleum is asking permission to drill up to four additional wells on each of two existing permanent 1,280-acre spacing units and is asking the board to reduce the heel/toe and lateral setbacks to 200 and 500 feet. Oasis is also asking the board to make permanent two temporary 1,280-acre units where it has drilled one well on each in order to allow those wells to produce.

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continued from page 6

MONTANA FILINGS

Likewise, Sinclair Oil and Gas is seeking permission to drill up to two additional horizontal wells in each of three existing 1,280-acre spacing units, and is asking the board to reduce the heel/toe and lateral setbacks to 200 and 500 feet.

Also in Richland County, Fidelity Exploration and Production is asking the board to create two new 1,280-acre units and authorize the drilling of one horizontal Bakken/Three Forks well on each.

Roosevelt and Sheridan counties

To the north in Roosevelt County, XTO Energy Inc. is seeking permission to drill up to three additional wells on four existing 1,280-acre spacing units and that heel/toe and lateral setbacks be reduced to 200 and 500 feet, respectively, for a total of 12 new wells. XTO is also asking the board to make permanent a spacing unit to allow production from a new Bakken/Three Forks well.

G3 Operating LLC is asking the board make permanent five separate 1,280-acre spacing units in Roosevelt County to allow production from a single well the company has drilled on each unit.

EOG Resources is asking permission to drill one additional horizontal Roosevelt County well in a 1,280-acre spacing unit. EOG is also asking that a temporary 1,280-acre unit in Roosevelt County be made permanent to allow production for oil and gas production from a well on that unit.

Statoil is asking the board make permanent a 1,280-acre unit is has in Roosevelt County for the same reason.

Fallon County

Farther to the south in Fallon County, Slawson Exploration is asking the board to create six temporary 640-acre spacing units and grant permission for the installation of one horizontal Bakken/Three Forks well in each. Slawson is also asking that heel/toe setbacks be reduced to 200 feet in each of these spacing units.

Sheridan County requests

In Sheridan County, in the northeast corner of the state, TAQA North USA Inc. is asking permission to drill up to three additional Bakken/Three Forks wells on an existing permanent 640-acre spacing unit. TAQA North USA is also asking that a temporary 640-acre unit be made permanent by the board to allow for oil and gas

To the north in Roosevelt County, XTO Energy Inc. is seeking permission to drill up to three additional wells on four existing 1,280-acre spacing units and that heel/toe and lateral setbacks be reduced to 200 and 500 feet, respectively, for a total of 12 new wells.

production.

Red River activity

In Dawson County, Denbury Exploration and Production Co. is asking the board for permission to drill additional vertical Red River wells on one 320-acre spacing unit and on one 160-acre unit.

Also in Dawson County, Interstate Explorations LLC is asking permission to drill a vertical Red River well on 320 acres.

And in Fallon County, Petro-Hunt is asking the board to create a new spacing unit consisting of two lots in order to drill a test well into the Red River formation. ●

Contact Mike Ellerd
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continued from page 5

HESS UNDER FIRE

program.” Hess goes on to say that “There is tremendous value in Hess, and we are taking decisive actions to deliver that value to all Hess shareholders. Our core oil and gas assets are some of the best in the industry, and our world class E&P team is executing in the field to ensure that we are realizing the intrinsic value of these assets. In our leadership position in the Bakken oil shale, for example, we are increasing production while achieving best in class drilling and completion costs.”

What if Hess splits?

If Hess Corp. is split up, the domestic assets, including and especially the Bakken, could be attractive acquisition targets for other U.S. operators. On March 25, the Wall Street Journal identified several possible buyers including Continental Resources, Chevron and ExxonMobil, but elaborated on how well Hess’s Bakken assets would fit into Statoil’s portfolio. And on April

11, Forbes identified Chevron as yet another likely buyer.

The May vote

Both Hess and Elliot have provided shareholders with proxy forms that shareholders can use to vote for their nominees to the board. However, shareholders have the option to vote for all five nominees on the respective proxy form, or withhold any or all of the nominees, i.e., the vote is not all or nothing. As a result, the new membership elected to Hess’s board of directors could be a mix of Hess and Elliot nominees.

Hess and Elliot have each retained their own proxy solicitors, both of which are located in New York City. All votes must be received by the proxy solicitors no later than 11:59 pm on May 15, the day before the annual shareholder’s meeting.

Hess has scheduled a conference call to discuss the corporation’s first quarter 2013 earnings for April 24. ●

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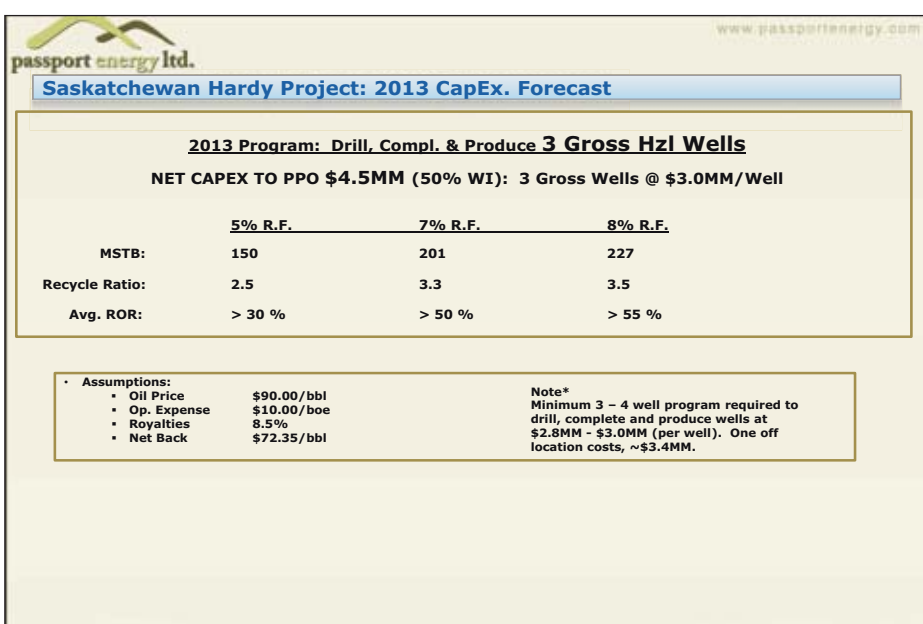
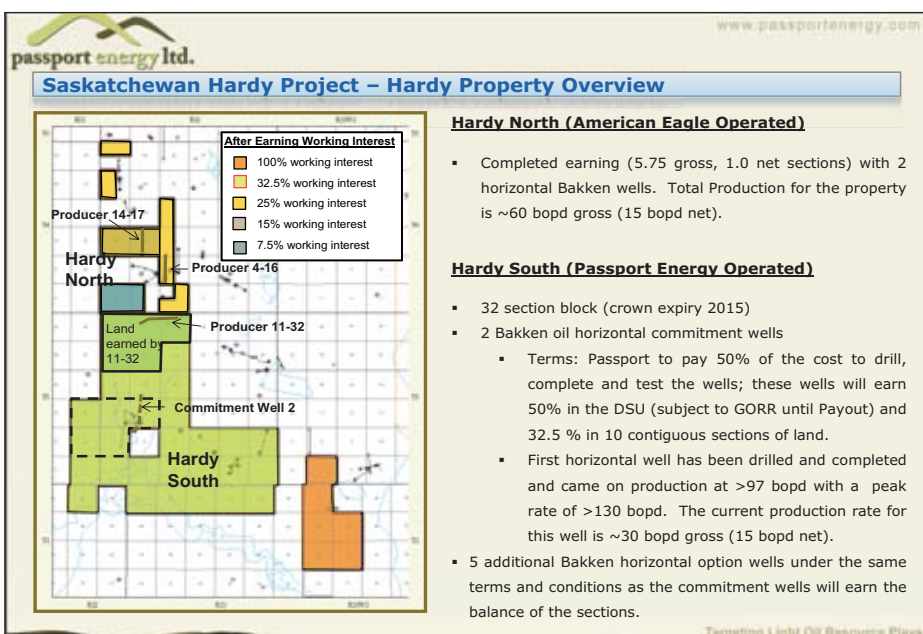
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● COMPANY UPDATE

Passport builds on Saskatchewan results



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Beaver Creek
ARCHAEOLOGY

By GARY PARK

For Petroleum News Bakken

Passport Energy, a junior exploration and development company with interests in southeastern Saskatchewan and northwestern Montana, has its sights squarely fixed over the next 18 months on what it rates as the “highly prospective” Bakken light oil play in Saskatchewan’s Hardy field.

The play falls along an oil migration pathway that brings oil from the heart of the Williston Basin in North Dakota to the Roncott field, about 25 miles northwest of the community of Hardy.

Passport says the area is surrounded by prolific Bakken pools such as Flat Lake, Lake Alma and Hummingbird, which has four horizontal Bakken oil wells currently on production.

A resource assessment commissioned by Passport and conducted by GLJ Petroleum Consultants a year ago and yielded a best estimate of original oil in place of 1.72 million barrels. It covered about 4,380 net acres of Passport interests and 5,400 net acres of land subject to a farm-in agreement.

GLJ’s best estimate of 7.44 million barrels of discovered petroleum initially in place was based on the performance of the 1A4-16 well in Hardy North, although Passport said there is no certainty that it would be commercially viable to produce any portion of the resources.

The undiscovered petroleum initially in place resource has a total best estimate of 75.62 million barrels, based on existing Bakken oil production and well control encompassing more than 23,000 gross acres in which the company has a working inter-

est in more than 3,760 acres and the right to earn an additional 5,400 acres.

In its latest statement, Passport said the 1A4-16 well produced more than 33,000 gross barrels from September 2011 to the end of 2012, performing above company expectations in averaging about 50 bpd gross of light sweet crude (38.5 degrees API).

GLJ assigned initial recoverable reserves of 119,000 gross barrels to the well, up 33 percent from its original reserve report in September 2011.

Horizontal Bakken 11-32

In Hardy South area, Passport said it has completed and placed on production its first operated horizontal Bakken 11-32 well in which it has a 50 percent working interest.

It said the rock quality of the Middle Bakken sandstone found in the 5,250 foot lateral of the horizontal well was consistent what was observed at the 4.16 well.

Comprised of a porous (10-12 percent) and relatively high permeability sand with oil staining on samples and good gas response on the gas detector, the well was completed utilizing a 32-stage multi-fracture stimulation program which required the use of specific downhole tools to perform fracking operations.

Since being placed on production the well has yielded a gross daily rate of 97 bpd of 38-degree API oil over eight days with a peak rate of 130 gross bpd.

GLJ has assigned initial recoverable reserves of 70,000 gross barrels to 11-32.

For Hardy South, Passport plans to drill three additional horizontal Bakken wells

see **PASSPORT** page 11



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• LAND & LEASING

Samson Oil boosts Bakken holdings

By **KAY CASHMAN**

Petroleum News Bakken

Australia-based Samson Oil & Gas Ltd. says it has agreed to acquire 1,225 net acres in two drilling units in the Rainbow Project of Williams County, N.D., targeting the Middle Bakken and Upper Three Forks formations.

According to Samson, which has an office in Denver, other interest holders in the Rainbow Project include Hess Corp., Halcon Resources and Continental Resources. The project is in sections 17, 18, 19 and 20 in township 158 north, range 98 west.

In an April 15 press release, Samson says it has assessed the project based on offset well data and believes that Rainbow will support 16 wells, eight in the middle Bakken and eight in the first bench of the Three Forks. The wells “would be expected to be configured as north-south orientated 10,000 foot horizontals.”

The transaction involves an acreage trade, under which Samson will transfer 160 net acres from its 1,200 acre undeveloped leasehold in North Stockyard and the unnamed “vendor” will fund its share (between 7.5 percent and 8.5 percent) of the North Stockyard initial infill program.

Samson will acquire 950 net acres in the Rainbow Project from the undisclosed vendor for the trade and will provide a

see **SAMSON HOLDINGS** page 11

Black Ridge reveals Rainbow swap

On April 17, Minnesota-based Black Ridge Oil & Gas, which focuses on non-operated Bakken and Three Forks properties, announced it will participate in a “core acreage swap” in Williams County.

In exchange for “approximately 950 net acres in Black Ridge’s Rainbow field drilling units,” covering sections 17, 18, 19, and 20 in township 158 north, range 98 west, Black Ridge says it will receive a 7.5 percent working interest in the drilling unit consisting of sections 13 and 14 of township 154 north, range 99 west, and an 8.4 percent working interest in the drilling unit consisting of sections 14 and 15 of township 154 north, range 99 west, both in the Stockyard Creek field, as well as a “drilling carry on the retained 151 net non-operated acres” in Rainbow.

The operator is currently rigging up to drill the first four wells of a 14 well development plan in the Stockyard Creek field, Black Ridge said.

—KAY CASHMAN

PEOPLE TALK

Jerry Langdon, Katherine Richard nominated to Abraxas board

ABRAXAS PETROLEUM CORP. HAS NOMINATED private investor Jerry J. Langdon and Warwick Energy Group founder Katherine T. Richard to the company’s board of directors.

Langdon, who will stand for election at the company’s 2013 annual meeting, was nominated to fill a new board position. With his addition, the board will be expanded from nine to 10 directors. Nine will be independent.

The board also expressed its intention to name Richard to fill an expected vacancy when current member C. Scott Bartlett Jr. retires from the board.

Before becoming a private investor, Langdon, 60, was chief administrative and compliance officer for Transfer Partners, a multi-billion dollar company specializing in the gathering, processing, transportation and storage of natural gas and natural gas liquids in the United States. He also has held senior executive positions with Reliant Energy, El Paso Energy Partners and has served as director of several public and private boards.

Langdon was appointed to the Federal Energy Regulatory Commission by President Ronald Reagan and served in that capacity until 1993.

In addition to founding Warwick Energy Group, Richard, 30, serves as its current chief executive officer. Warwick focuses on exploration and development in the United States, Europe and the Middle East.

Richard has been with Warwick Energy Group since March 2010. Since March 2009, she also has been employed by or consulted to MSDC Management, LP, or MSD Capital, LP, where she focuses on international energy investments.

Prior to joining MSDC, Richard was employed by Serengeti Asset Management, where she led the team responsible for oil and gas, metals and mining and sovereign debt investing. Prior to Serengeti, she held several posts at Goldman, Sachs & Co.

Richard also is a natural resources advisor to the Institute for Effective States and an advisory council member of Microvest Capital Funds.

Abraxas is a San Antonio, Texas-based E&P independent with operations across the Rocky Mountain region (including the Williston Basin), Mid-Continent, Permian Basin and onshore Gulf Coast regions and in Alberta, Canada.

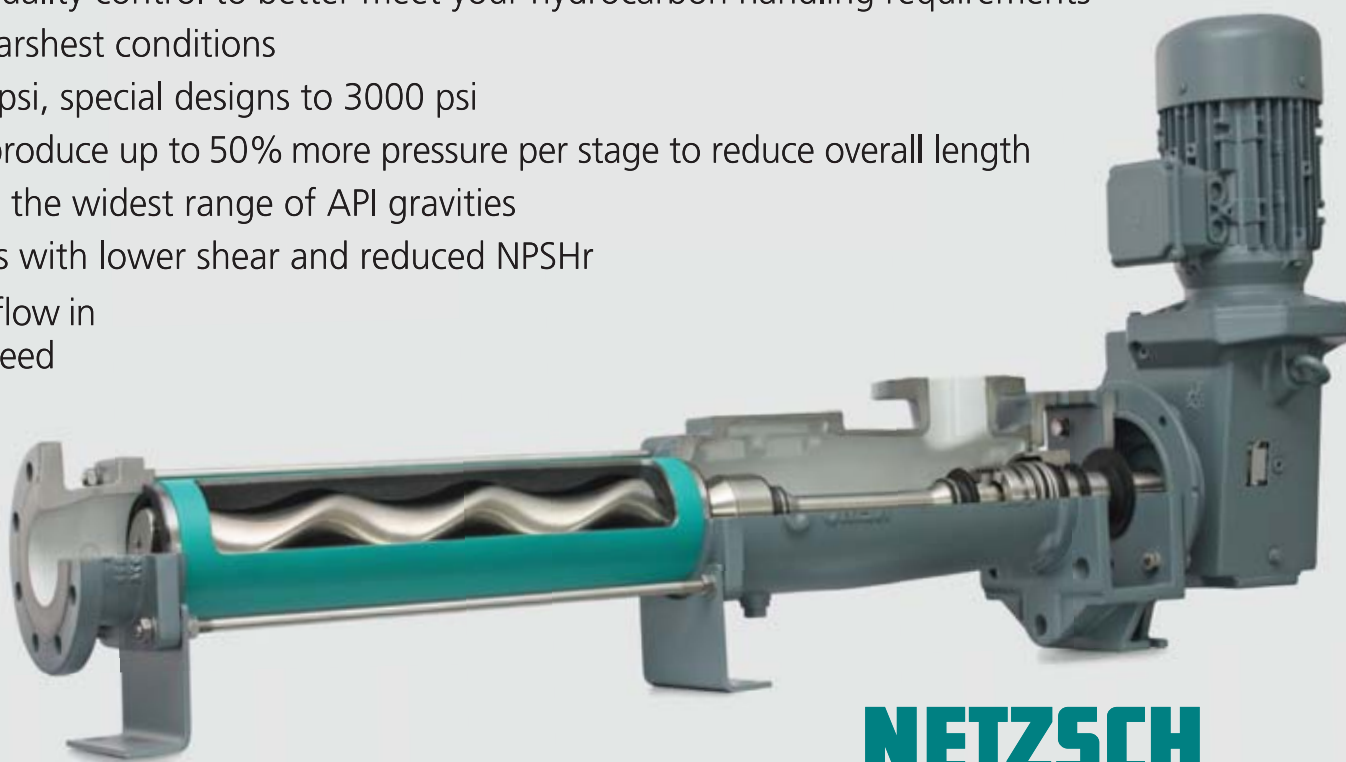
SM Energy promotes Copeland, Monark

SM ENERGY CO.’S BOARD OF DIRECTORS has appointed David W. Copeland executive vice president and John Monark senior vice president of human resources.

see **PEOPLE TALK** page 11

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● PRODUCTION

North Dakota oil production up in February

Winter weather, road restrictions still hamper oil production; could continue to May; rig count steady at 186 in mid-April

By **MIKE ELLERD**

For Petroleum News Bakken

Oil and gas production in North Dakota once again reached record highs in February, as did the number of producing wells in the state. Preliminary

data released on April 16 by the Oil and Gas Division of the North Dakota Industrial Commission's Department of Mineral Resources indicate that daily oil production in the state averaged 778,971 barrels of oil per day in February, an increase of 41,184 bopd from the 737,787

bopd average production in January, an increase of 5.6 percent in a short month.

Although a record, February production was actually slightly below what the Oil and Gas Division had expected. In a monthly press conference on April 16, Division Director Lynn Helms said that while February's oil production was "up very sharply" from January, the division had actually expected production to reach 783,000 bopd based on projections. Helms called the February production "a little bit light."

"So even though we had pretty good weather in February," Helms said, "it still was February, a short, cold month." Even in a "good February," he said, it is difficult to operate an oil field or drill and frack wells in North Dakota.

Other February's numbers

In addition to record oil production, natural gas production in North Dakota in February reached an all-time high of slightly more than 850 million cubic feet per day, a 7.5 percent increase over January gas production. The number of producing wells in North Dakota increased by 150 in February, reaching another all-time high of 8,492, of which 5,156 or 61 percent are in the Bakken petroleum system.

There were 186 drill rigs operating in the state as of the end of March, up three from the 183 rigs operating at the end of February and up one from the 185 rigs operating at the end of January. Although there was a slight decline in rig count between January and February, there were 170 well completions in February, double that in January. The rig count as of April 16 was steady at 186. The record high rig count in North Dakota occurred at the end of May 2012 when 218 rigs were operating.

Helms said that based on conversations he has had with operators, he expects the rig count to increase by an additional 12 rigs to 198 by mid-year once the road restrictions are lifted. He said the additional 12 rigs coming into the state, coupled



Lynn Helms anticipates a "big surge" in production beginning in June and extending well into October.

with an increase in multi-well pad drilling, indicates some willingness on the part of operators to increase the pace of activity, but he added that operators are trying hard to control costs and are "keeping the brakes on as they ramp up just a little bit."

Permitting fell in February with the division issuing 185 drilling permits compared to the 218 permits issued in January. However, permitting increased in March when the division again issued 218 permits. The record high for the division was the 370 permits it issued in October 2012.

Spring outlook and beyond

Weather will continue to negatively affect North Dakota's oil production through May, according to Helms. He noted that two significant storms hit the state in March, one in the first week of the month and the other in the third week. Another significant storm hit the state in mid-April, actually shutting down state offices in Bismarck on April 15, the day before the division's April press conference.

Road restrictions will also hamper production to a certain extent, and Helms said weight limits are now in place across most of the state. With the additional moisture from the recent storms, Helms expects those restrictions to remain in place longer into the spring than usual, and he doesn't expect the restrictions to be lifted until at least early May. As a result, he said, it could be June before the state sees that oil production "seriously gets under way." He said while production could exceed 800,000 bopd in April, he thinks it will more likely be May before that milestone is reached.

In light of the weather and road restrictions, Helms said he expects March production to be down but then expects production to increase in May. After that, Helms said, he anticipates a "big surge" in production beginning in June and extending well into October. ●

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continued from page 9

SAMSON HOLDINGS

\$1.2 million carry for the initial drilling program.

For the first (10 percent carry) and second (2 percent carry) development wells to be drilled in the Rainbow Project, Samson says it will “have the ability, subject to the vendor acquiring additional acres, to acquire a further 274 acres by carrying the vendor for \$700,000 in the second well in the project.”

North Stockyard connection

Subject to financing, Samson intends to integrate the development of the Rainbow Project with its own ongoing infill development of the North Stockyard field, where Samson has 14 infill locations “available to be drilled based on the current spacing order.”

Thus, Samson says it “expects to have a gross 30 well locations in the area, or approximately two and a half years drilling using a single rig.”

In a separate announcement,

Subject to financing, Samson intends to integrate the development of the Rainbow Project with its own ongoing infill development of the North Stockyard field, where Samson has 14 infill locations “available to be drilled based on the current spacing order.”

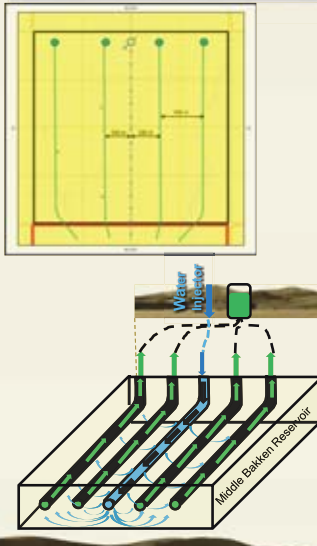
Samson said that Frontier Rig 24 has been mobilized to North Stockyard, where it has been rigged up on the Duckstein 1-13-14H TF location, and was expected to commence drilling operations April 15.

The company said, “this will involve drilling and setting the surface casing to 2,300 feet before skidding to the Billabong 2-13-14BK location, where subsequently the drilling sequence will be repeated across all four locations on this pad.” ●

Contact Kay Cashman
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passport energy ltd. www.passportenergy.com

Saskatchewan Hardy Project - EOR Pilot Program



- Passport plans on implementing an EOR pilot program after completion of the earning terms on the second farm-in agreement.
- Industry competitors have recently published potential recovery factors with respect to the Bakken in the Viewfield area. They have indicated that ultimate recovery factors have the potential to increase to greater than 30% with water flood application.
- With GLJ assigning reserves to the Hardy Bakken pool by using Viewfield as an analog pool, Passport believes that their may also be potential for an Enhanced Oil Recovery Scheme in the Hardy Pool.

Water Flood Pilot Program Net CapEx.	
• 3 Hzl Development Locations:	\$ 3.1 MM
• 1 Hzl Injector:	\$ 1.4 MM
• Facilities/Infrastructure:	\$500 M
• Total Expected CapEx:	\$5.0 MM
◆ Net Incremental capital required: \$1.5MM	

Targeting Light Oil Resource Plays

continued from page 8

PASSPORT

this year, with all three scheduled to be producing before the end of 2013.

In the Hardy play, Passport has negotiated two farm-in agreements and participated in two government land sales which will amount to 28,600 gross acres and 11,200

acres net on completion of the farm-in terms.

Passport also holds a 60 percent interest in 43,000 acres in the Sweetgrass Arch area of northwestern Montana, which it believes has potential for both light oil and gas in multi-geological intervals. ●

Contact Gary Park through
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continued from page 9

PEOPLE TALK

Copeland has been with the company since January 2011 and will continue to serve as the company’s general counsel and corporate secretary. Monark has been with the company since May 2008.

“David and John have both made many important contributions to our success at SM Energy as members of our senior executive team, and each of their promotions are well deserved,” said Tony Best, SM Energy’s chief executive officer.

SM Energy operates in four core areas: The South Texas and Gulf Coast, Mid-Continent, Permian Basin, and the Rocky Mountain region, including the Williston Basin.

Energy Outreach donates \$60,000 to After School Program

ENERGY OUTREACH WILLISTON — supported by Schlumberger, Statoil, Baker Hughes, Halliburton, Nabors, and Oasis — has donated \$60,000 to the After School Program.

The community After School Program currently has two different programs. The After School Program is held from 3-to 6 p.m. Monday through Friday for K-6th grades and runs from September through May.

The Summer School Program is June through July and also is aimed for grades K-6th. It is held from 7:30 a.m. to 5:30 p.m. Monday through Friday.

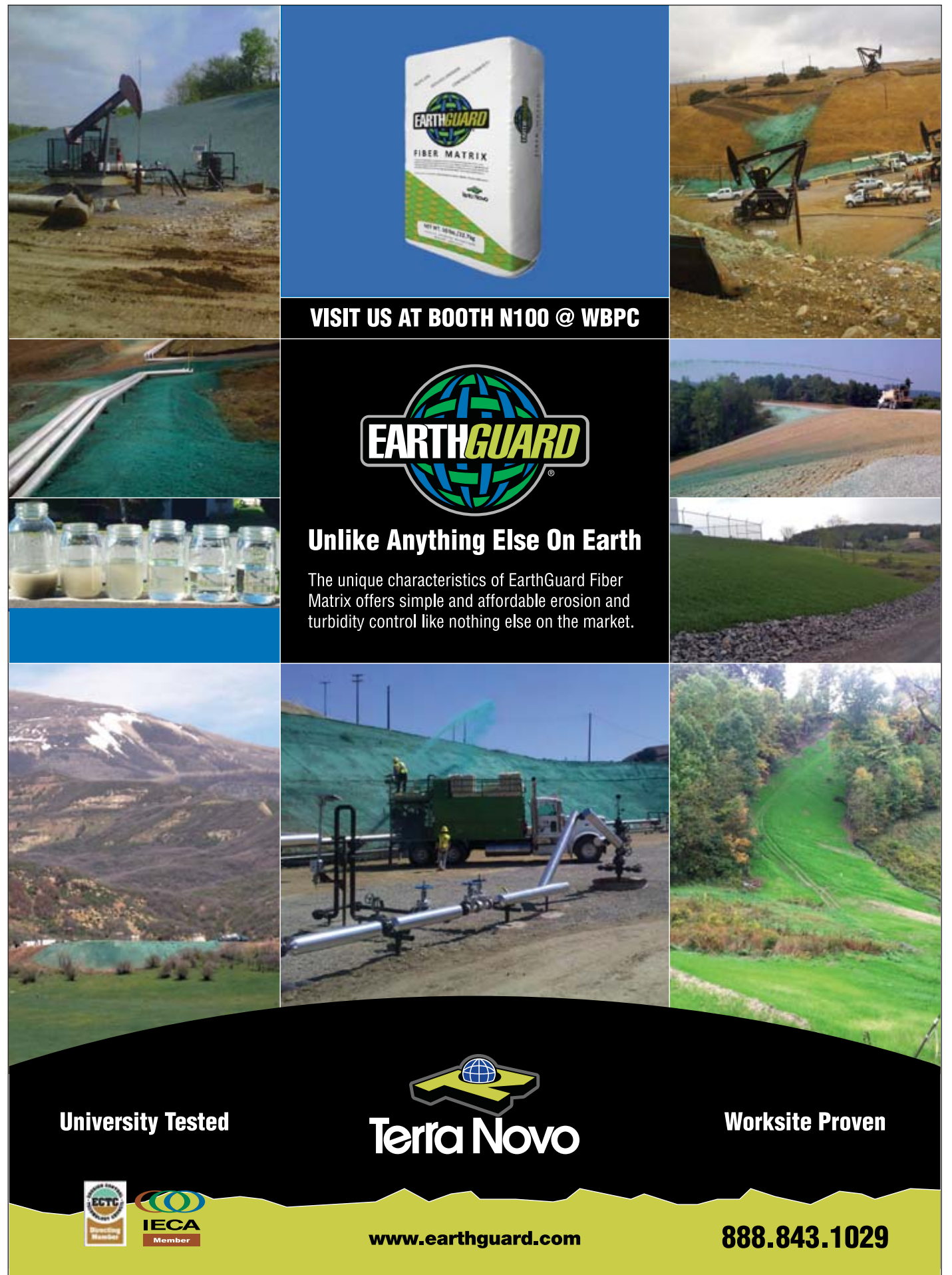
The check was presented to the After School Program on April 5 at Wilkinson Elementary.

“The Energy Outreach is excited to be able to help strengthen and expand this program,” according to the program sponsor. “With close to 75 kids on the waiting list, the Energy Outreach hopes these funds will allow the program to grow.”

Energy Outreach said its goal “is to ensure the community that our organization imparts positive impacts back to the community in which we work and live.”

— RAY TYSON

Contact Ray Tyson
at rtyson@petroleumnews.com



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• LAND & LEASING

Montana June auction lists 3,355 Bakken acres

By MIKE ELLERD

For Petroleum News Bakken

In late March, the Trust Land Management Division of the Montana Department of Natural Resources and Conservation released nominations for its June 4 oil and gas lease auction (see adjacent map and chart).

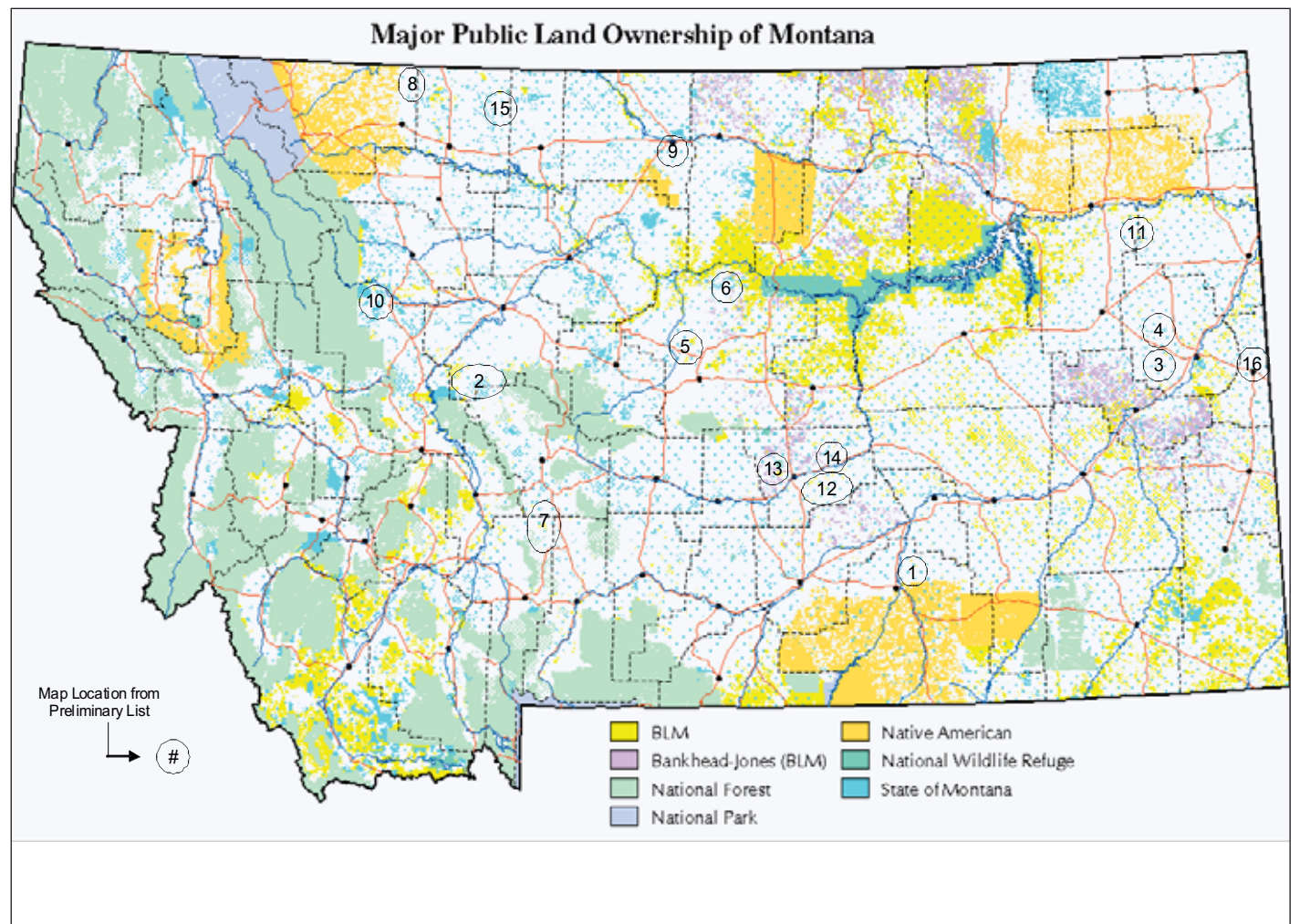
Those nominations total 29,355 acres in 65 tracts in 15 counties and are spread over approximately two-thirds of the state, but only 3,355 acres, slightly over 11 percent, are in or near the Bakken petroleum system, which includes formations such as the Bakken and Three Forks.

Those 3,355 Bakken or near-Bakken system acres are close to the North Dakota border in the following four counties: 1,275 acres in three tracts in Dawson County; 640 acres in one tract in McCone; 960 acres in two tracts in Richland; and 480 acres in one tract in Wibaux.

As Petroleum News Bakken reported in March, the Montana Trust Land Management Division leased 12,596 acres in its March auction, of which 10,125 acres, slightly over 80 percent, were in six eastern and northeastern counties, in or near the Bakken petroleum system of the Williston Basin.

The remaining acres nominated for Montana's June auction are spread out into the central and west-central areas of the state in Big Horn, Cascade, Fergus, Gallatin, Glacier, Hill, Lewis and Clark, Meagher, Musselshell, Park and Toole counties (see chart and map).

The June 4 Montana Trust Land auc-



State of Montana Oil and Gas Lease Sale — June 4, 2013

tion will be held in the Montana Department of Transportation auditorium in Helena beginning at 9:00 a.m. Mountain Daylight Time. ●

Contact Mike Ellerd
at mellerd@petroleumnewsbakken.com

June 2013 Montana Trust Lands Mineral Lease Auction
Tract and Acreage Nominations by County

County	Acres	Tracts	Average Acres per Tract	High Tract Acreage	Low Tract Acreage	Map Reference
Meagher	8,653.06	16	540.82	640.00	320.00	2,7
Musselshell	4,636.92	8	579.62	640.68	160.00	12, 13, 14
Cascade	3,758.26	8	469.78	640.00	318.26	2
Gallatin	2,080.00	4	520.00	640.00	160.00	7
Lewis and Clark	1,570.62	4	392.66	650.62	80.00	10
Glacier	1,560.00	7	222.86	360.00	40.00	8
Dawson	1,275.16	3	425.05	640.00	315.16	3,4
Hill	1,160.00	2	580.00	640.00	520.00	9
Richland	960.00	2	480.00	640.00	320.00	11
Park	800.00	2	400.00	340.00	160.00	7
Big Horn	640.00	1	640.00	640.00	640.00	1
McCone	640.00	1	640.00	640.00	640.00	11
Toole	640.00	1	640.00	640.00	640.00	15
Fergus	500.98	5	100.20	200.00	20.00	5,6
Wibaux	480.00	1	480.00	480.00	480.00	16
Total	29,355.00	65	474.07	650.62	20.00	

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LAND & LEASING

BLM sale targets mainly eastern Montana

As Petroleum News Bakken reported in March, the Montana/Dakota office of the Bureau of Land Management will hold its second quarter 2013 oil and gas lease auction in Billings, Mont. on May 8, the day after the North Dakota Department of Trust Lands holds its second quarter auction in Bismarck.

The Montana/Dakota BLM auction will be held at the Montana BLM office in Billings, beginning at 9 a.m. Mountain Daylight Time.

A total of 93,731 acres will be offered in 198 tracts.

More than 98 percent of the acreage offered in the BLM auction, some 92,310 acres in 194 tracts, is in eastern Montana. The remaining 1,420 acres in four tracts are in North Dakota.

The Montana tracts are in Daniels, Garfield, McCone, Prairie, Richland and Roosevelt counties. The four North Dakota tracts are all in Slope County in far southwestern North Dakota. Combined, the North Dakota and Montana state auctions and BLM's federal sale, will offer more than 137,000 acres of oil and gas leases in the two states in second quarter 2013 lease auctions (see adjacent and page 3 related news items).

—MIKE ELLERD

More than 98 percent of the acreage offered in the BLM auction, some 92,310 acres in 194 tracts, is in eastern Montana. The remaining 1,420 acres in four tracts are in North Dakota.

MOVING HYDROCARBONS

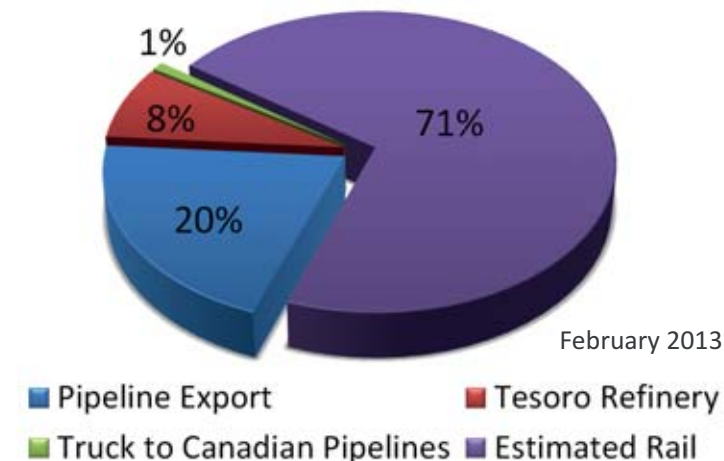
WB rail exports surpass 70 percent

Rail exports of crude oil out of the Williston Basin increased another 3 percent in February, boosting rail's share of crude movement in the state to 71 percent according to data provided by the North Dakota Pipeline Authority (see chart). As with previous months, rail's increased share came directly from pipelines, whose share fell from 23 percent to 20 percent. Consistent with January, 8 percent of Williston Basin crude went to the Tesoro refinery in Mandan, and crude exports to Canada via truck accounted for the remaining 1 percent of crude movement in the basin.

As with previous months, the driver behind the progressive increase in rail share of crude exports is the access that rail provides for Bakken producers to premium refining markets on the east, west and Gulf coasts. Bakken crude has been bringing prices close to Brent Crude at those coastal markets, which has a very favorable price differential over West Texas Intermediate crude.

—MIKE ELLERD

Estimated Williston Basin Oil Transportation



3

MERGERS & ACQUISITIONS

Northern Frac acquires sand reserves

Northern Frac Proppants, or NFP, said April 12 that it acquired land and frac sand reserves on 1,600 acres near Black River Falls, Wis., from Goose Landing Sand Co. The reserves, the company said, are "strategically located on Class 1 rail enabling NFP to serve customers ... in all major U.S. oil and natural gas producing basins."

The "premium Northern White" frac sand reserves have an estimated life of 25-years-plus, NFP said. The sands are currently being mined and processed, and will be sold under long-term contracts.

Jeff Alston, president of NFP, said that the acquisition of the Goose Landing property and frac sand reserves "is in keeping with NFP's plans to increase our reserve base and build processing facilities in key geographic locations to better serve our customers with low-cost, high-quality Northern White frac sand proppant."

Alston said Black River Falls is its second NFP frac sand mine and processing site in Wisconsin, with the first property in Bluff View.

James L. Hoffman, president of Goose Landing Sand and Hoffman Construction, which developed and opened the Black River Falls facility a year ago, has agreed to continue to perform mining and reclamation services at the site.

Hoffman said he was "excited to partner with NFP to assist in transforming Goose Landing into a world-class frac sand mine and processing site."

—PETROLEUM NEWS BAKKEN



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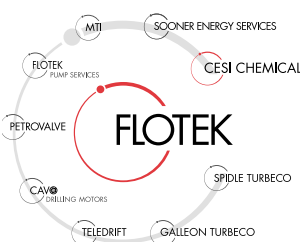
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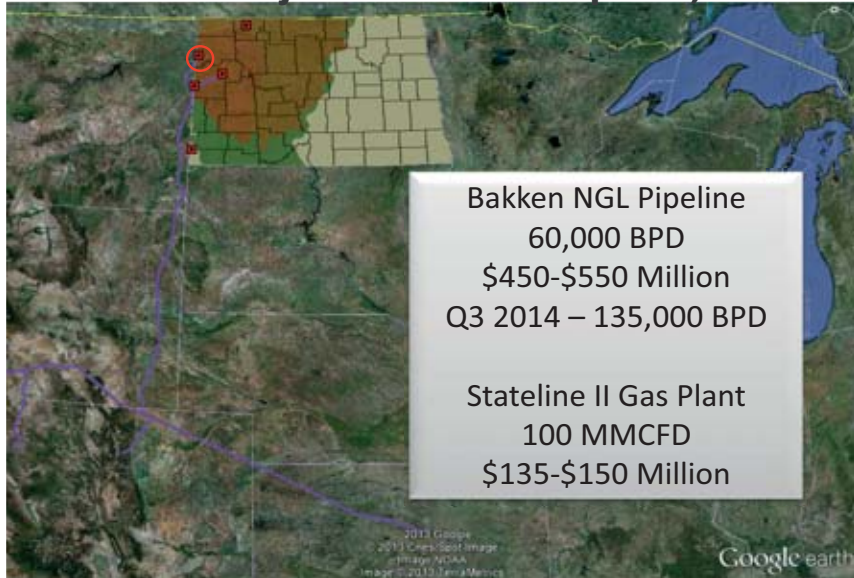
Bakken **BAKKEN Stats**



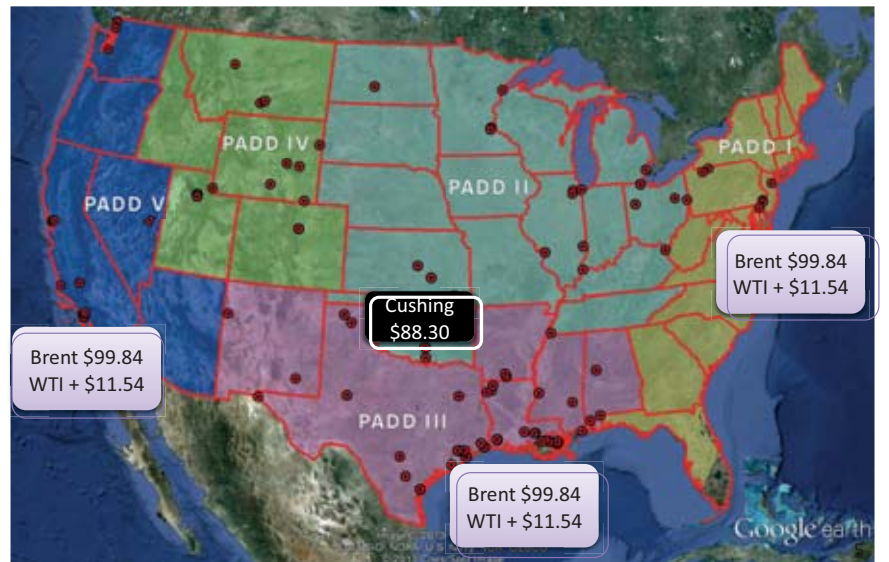
North Dakota Pipeline Authority

Monthly update April 15, 2013

ONEOK Projects Online – April 9, 2013



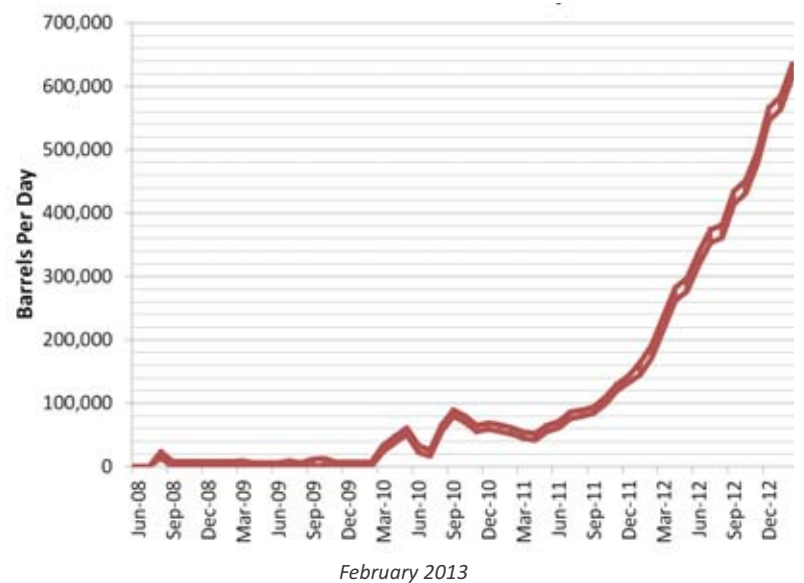
Crude Oil Prices – April 16, 2013



US Williston Basin 2013 BOPD

MONTH	ND	E. MT*	SD	TOTAL
January	737,787	69,132	4,617	811,536
February	778,971			--
March				--
April				--
May				--
June				--
July				--
August				--
September				--
October				--
November				--
December				--

Estimated ND Rail Export Volumes



North Dakota Bakken oil production by company

February 2013

Derived from the preliminary February 2013 Oil & Gas Production Report published by the North Dakota State Industrial Commission, Department of Minerals, Oil and Gas Division. Note this is the oil produced by wells operated by these companies; it does not identify the percentage of Bakken petroleum system oil (including Three Forks and other formations within the system) that is owned by each company or its partners, so it may differ from what each company reports. Also, the daily average was derived from dividing the total production by the number of days in February, versus the number of days the well was actually producing. There are a few wells that did not produce for the entire month.

LEGEND

Field - pool - county - daily average barrels of oil
Daily average barrels for all fields combined

Also note: The operator names used in this chart are exactly as they appear in State of North Dakota Oil & Gas Division records, but some of the companies and/or their Bakken assets might have been acquired by others. The ones we caught were Burlington Resources Oil & Gas Company, LP, which is owned by Conoco Phillips; Brigham Oil & Gas, L.P., owned by Statoil; XTO Energy, Inc., owned by ExxonMobil, and Samson Resources Company, owned by KKR & Co. Please let us know if you see any others by emailing Kay Cashman at publisher@petroleumnews.com.

Average daily North Dakota Bakken petroleum system production in February: approximately 649,801.6 barrels of oil per day.		Daily average: 743.6	Whiteaker - Bakken - Divide	32,060
Abraxas Petroleum Corp.		Bakken Hunter, LLC	Wildcat - Bakken - Williams	625
Demores - Bakken - Billings	366	Bounty School - Bakken - Divide		
North Fork - Bakken - McKenzie	5,688	Paulson - Bakken - Divide		
Roosevelt - Bakken - Billings	493			
Daily average: 591.0		Daily average: 120.7	Daily average: 3,951.5	
American Eagle Energy Corporation		Baytex Energy USA Ltd.	Brigham Oil & Gas, LP (Statoil)	
Colgan - Bakken - Divide	49,805	Ambrose - Bakken - Divide	Alexander - Bakken - McKenzie	26,605
Daily average: 1,778.8		Blooming Prairie - Bakken - Divide	Alger - Bakken - Mountrail	406,976
Arsenal Energy USA, Inc.		Burg - Bakken - DIV/WIL	Avoca - Bakken - Williams	8,198
Stanley - Bakken - Mountrail	20,822	Garnet - Bakken - Divide	Banks - Bakken - McKenzie	160,197
		Lone Tree - Bakken - Williams	Briar Creek - Bakken - McKenzie	13,936
		Lone Tree Lake - Bakken - Williams	Buford - Bakken - Williams	1,288
		Moraine - Bakken - Divide	Bull Butte - Bakken - Williams	24,263
		Musta - Bakken - Divide	Camp - Bakken - McKenzie	57,934
		Plumer - Bakken - Divide	Catwalk - Bakken - Williams	9,751
		Skabo - Bakken - Divide	Cow Creek - Bakken - Williams	24,043
		Smoky Butte - Bakken - Divide	East Fork - Bakken - Williams	49,023
		West Ambrose - Bakken - Divide	Elk - Bakken - McKenzie	18,416
			Foreman Butte - Bakken - McKenzie	4,577

Petroleum News
Bakken

Montana Bakken oil production by company

February 2013

The information below is derived from State of Montana production reports and separated out by company. Note this is oil produced by wells operated by these companies; it does not identify the percentage of Bakken petroleum system oil, including Three Forks, which is actually owned by the company, so it might differ from what each company reports. It also does not include oil production from wells operated by others, in which these companies might hold an interest. The daily average was derived from dividing the total production by the number of days in February. The operator names used in this report are as they appear in State of Montana records, even though some of the companies or their Bakken assets might have been purchased by other companies. Also, two companies, Abraxas and Taqa, had not yet reported their February production and Valco had not yet filed its January or February output, so their most recent production was noted with the appropriate date in front of it.

LEGEND

Company
Field — pool — county — barrels of oil per month
Daily average in barrels of oil

Average daily Montana Bakken petroleum system production in February: approximately 30,992.3 barrels of oil per day.					
Abraxas Petroleum Corp.		Enerplus Resources USA Corp.			Daily average: 61.1
1/31 Lane – Bakken – Richland	90	Charlie Creek – Bakken – Richland	140		
Daily average: 2.9		Elm Coulee – Bakken – Richland	170,752	Slawson Exploration Company, Inc.	
Burlington Resources Oil & Gas Company LP (ConocoPhillips)		Epworth – Bakken – Richland	123	Elm Coulee – Bakken – Richland	64,230
Elm Coulee – Bakken – Richland	38,423.0	Girard – Bakken – Richland	167		
Daily average: 1,372.3		Mustang – Bakken – Richland	378	Daily average: 2,293.9	
Charger Resources, LLC		Putnam – Bakken – Richland	20	SM Energy Company	
Elm Coulee – Bakken – Richland	2,072	Spring Lake – Bakken – Richland	265	Elm Coulee – Bakken – Richland	22,132
Daily average: 74		Three Buttes – Bakken – Richland	0	Brorson – Mission Canyon, Bakken – Richland	568
Continental Resources, Inc.		Daily average: 6,137.3		Brorson, South – Bakken – Richland	0
Elm Coulee – Bakken – Richland	279,579	EOG Resources, Inc.		Brorson, South – Mission Canyon, Bakken – Richland	450
Elm Coulee, Northeast – Bakken – Richland	12,115	Elm Coulee – Bakken – Richland	26,874	Mustang – Bakken – Richland	106
Elm Coulee – Three Forks – Richland	54	Daily average: 959.8		Putnam – Mission Canyon, Bakken – Richland	122
Elm Coulee, Northeast – Three Forks	638	Fidelity Exploration & Production Co. (MDU)		Vaux – Mission Canyon, Bakken – Richland	439
Wildcat Richland – Bakken – Richland	0	Elm Coulee – Bakken – Richland	5,013		
Daily average: 10,442.4		Elm Coulee – Three Forks – Richland	431	Daily average: 850.6	
Earthstone Energy		Daily average: 194.4		Taqa North USA, Inc.	
Spring Lake, West – Bakken – Richland	42	Newfield Production Co.		1/31 Johnson Lake – Bakken – Sheridan	0
Vaux – Madison/Bakken – Richland	327	Elm Coulee – Bakken – Richland	16,732	1/31 Flat Lake – Bakken – Sheridan	22,233
Daily average: 13.2		Daily average: 597.6	19,793.9	Daily average: 717.2	
		Oasis Petroleum North America, LLC		Vaalco Energy USA	
		Elm Coulee – Bakken – Richland	4,609	12/31 Salt Lake – Bakken – Sheridan	532
		Elm Coulee, Northeast – Bakken – Richland	34,898	Daily average: 17.2	
		Daily average: 1,411		XTO Energy, Inc. (ExxonMobil)	
		Sinclair Oil & Gas Company		Elm Coulee – Bakken – Richland	163,728
		Elm Coulee – Bakken – Richland	1,712	Daily average: 5,847.4	

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Montana oil activity report, April 5-11

COMPILED BY DARRYL L. FLOWERS

For Petroleum News Bakken

New locations

In Fallon County, Petro-Hunt LLC has been approved for the Askin 10-61 33D-1-1. The Askin has a SHL at SE 33-10N-61E (1775 FSL/790 FEL) and a proposed depth of 10,700 feet, reaching the Red River formation. In Wibaux County, Petro-Hunt was approved to drill the Miske 11-60 3C-3-1, with an SHL at SW SW 3-11N-60E (240 FSL/1130 FWL). The Miske will target the Red River D formation at a proposed depth of 10,900 feet.

New locations — horizontal wells

All three horizontal wells approved in this reporting period will fly the Continental Resources Inc. banner.

In Richland County, Continental was approved to drill the Thomas-Bettye HSU, with an SHL at SE SE 27-23N-56E (275 FSL/355 FEL) and a PBHL of 19,720 feet at

see **ACTIVITY** page 20

Abbreviations & parameters

With a few exceptions, such as the Heath shale play in the central part of the state, 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 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 • **SHL:** surface hole location
TD: total depth



Bakken producers' stock prices

Closing prices as of April 17, along with those from previous Wednesday

Company	Exchange	Symbol	Closing price	Previous Wed.
Abraxas Petroleum Corp.	NASDAQ	AXAS	\$2.05	\$2.29
American Eagle Energy Corp.	AMZG	OTC	\$1.80	\$2.00
Arsenal Energy USA, Inc.	TSE	AEI	\$0.46	\$0.50
Baytex Energy Corp.	NYSE	BTE	\$35.81	\$41.34
Brigham Exploration Co. (Statoil)	NYSE	STO	\$22.91	\$24.41
Burlington Resources Co. (ConocoPhillips)	NYSE	COP	\$56.81	\$60.25
Continental Resources, Inc.	NYSE	CLR	\$74.07	\$83.08
Crescent Point Energy Corp.	TSE	CPG	\$35.01	\$37.44
Enerplus Resources USA Corp.	NYSE	ERF	\$12.76	\$14.04
EOG Resources, Inc.	NYSE	EOG	\$114.82	\$128.62
Fidelity Exploration and Production (MDU)	NYSE	MDU	\$23.62	\$24.66
G3 Operating LLC (Halcon Resources)	NYSE	HK	\$6.56	\$7.81
GMX Resources, Inc.	PINK	GMXRQ	\$0.35	\$0.33
Hess Corp.	NYSE	HES	\$66.91	\$72.92
Kodiak Oil and Gas (USA), Inc.	NYSE	KOG	\$7.70	\$8.59
Legacy Reserves Operating LP	NASDAQ	LGCY	\$26.24	\$27.89
Liberty Resources, LLC	LBY	ASX	\$0.05	\$0.05
Marathon Oil Co.	NYSE	MRO	\$29.99	\$33.91
Newfield Production Co.	NYSE	NFX	\$20.43	\$22.66
Oasis Petroleum Inc.	NYSE	OAS	\$32.51	\$36.97
OXY USA (Occidental Petroleum)	NYSE	OXY	\$80.45	\$81.36
QEP Energy Co.	NYSE	QEP	\$28.86	\$31.35
Resolute (Resolute Energy)	NYSE	REN	\$9.33	\$10.85
Samson Resources Co. (KKR & Co.)	NYSE	KKR	\$19.69	\$20.20
SM Energy Co.	NYSE	SM	\$58.57	\$61.00
Sundance Energy, Inc.	SEA	ASX	\$0.94	\$0.97
Triangle USA Petroleum Corp.	NYSE	TPLM	\$5.12	\$6.16
Whiting Oil and Gas Corp.	NYSE	WLL	\$44.55	\$49.86
WPX Energy Inc.	NYSE	WPX	\$16.15	\$17.43
XTO Energy Inc. (ExxonMobil)	NYSE	XOM	\$86.08	\$88.68



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North Dakota

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Saskatchewan

Weekly drilling activity report from the government of Saskatchewan:
www.economy.gov.sk.ca/Daily-Well-Bulletin-Weekly-Drilling-Reports

Manitoba

Weekly drilling activity report from the government of Manitoba:
www.manitoba.ca/iem/petroleum/wwar/index.html



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Petroleum News
Bakken

IPs for ND Bakken wells

April 2 – April 8, 2013

This chart contains initial production rates, or IPs, for active wells that were filed as completed with the state of North Dakota from April 2 to April 8, 2013 in the Bakken petroleum system, which includes formations such as the Bakken, Three Forks and Birdbear. The completed wells that are missing either haven't been tested or were awarded tight-hole status, so the IP rate is not yet available. This chart also contains a section with active wells that were released from tight-hole status during the same period, April 2 to April 8. The information was assembled by Petroleum News Bakken from daily activity reports from the North Dakota Industrial Commission's Department of Minerals, Oil and Gas Division, website 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. Some of the companies, or their Bakken assets, have been acquired by others. In those cases, the current owner is in parenthesis, such as ExxonMobil in parenthesis behind XTO Energy

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; 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

Brigham Oil and Gas

22808; Cheryl 17-20#4H; Banks; SWSE 8-152N-98W; 2SEC; McKenzie; horizontal; 21,544; 2/7/2013; 4,439 bbl
22631; Marcia 3-10 3H; Last Chance; LOT3 3-153N-100W; 2SEC; Williams; horizontal; 20,765; 2/8/2013; 3,201 bbl
22632; Marcia 3-10 4TFH; Last Chance; LOT4 3-153N-100W; 2SEC; Williams; horizontal; 20,765; 2/13/2013; 2,400 bbl

Burlington Resources

23134; CCU Powell 11-29TFH; Corral Creek; NWNW 29-147N-95W; U; Dunn; horizontal; 21,061; 2/19/2013; 2,124 bbl

Continental Resources

23613; Hundseid 1-8H; Upland; SESW 8-161N-96W; 2SEC; Divide; horizontal; 18,690; 12/27/2012; 513 bbl
23552; EN-Hanson S-156-94- 3130H-5; Manitou; 2SEC; Mountrail; horizontal; 20,160; 2/27/2013; 428 bbl
20167; EN-Johnson A-155-94-2932H-3; Alkali Creek; SESW 20-155N-94W; 2SEC; Mountrail; horizontal; 20,991; 3/14/2013; 949 bbl

Crescent Point Energy

23560; Cpeusc Poley 12-1-158N-101W; Little Muddy; SESW 12-158N-101W; 2SEC; Williams; horizontal; 19,274; 1/7/2013; 482 bbl

Hess

22920; BW-Thelma-150-99- 3031H-1; South Tobacco Garden; NENW 30-150N-99W; 2SEC; McKenzie; horizontal; 20,690; 2/15/2013; 633 bbl
23552; EN-Hanson S-156-94- 3130H-5; Manitou; 2SEC; Mountrail; horizontal; 20,160; 2/27/2013; 428 bbl
20167; EN-Johnson A-155-94-2932H-3; Alkali Creek; SESW 20-155N-94W; 2SEC; Mountrail; horizontal; 20,991; 3/14/2013; 949 bbl

Kodiak Oil and Gas

23259; Grizzly 149-99-3-3-10-13H3; Ranch Creek; LOT3 3-146N-99W; 2SEC; McKenzie; horizontal; 20,930; 2/27/2013; 515 bbl

Marathon Oil

23799; Darrell Quale USA 14-16H; Four Bears; NENE 20-152N-93W; 2SEC; McKenzie; horizontal; 21,735; 12/1/2012; 1,132 bbl

Oasis Petroleum

23463; Doris H 5200 44-20B; Camp; SESE 20-152N-100W; 2SEC; McKenzie; horizontal; 20,986; 2/21/2013; 3,539 bbl
22633; Jazz Federal 6093 42-20H; Gros Ventre; SESW 20-160N-93W; 2SEC; Burke; horizontal; 18,829; 2/19/2013; 768 bbl

OXY USA

23248; State Buffalo Bill 1-20-17H-143-94; Murphy Creek; SWSE 20-143N-94W; 2SEC; Dunn; horizontal; 19,548; 10/8/2012; 227 bbl

Petro-Hunt

22561; For Berthold 148-94-21A-20-2H; Eagle Nest; SENE 21-148N-94W; 2SEC; Dunn; horizontal; 20,820; 2/18/2013; 991 bbl

Samson Resources

23717; Karen Bailard 3625-1TFH; Ambrose; LOT4 1-163N-99W; 4SEC; Divide; horizontal; 14,031; 3/10/2013; 474 bbl

Whiting Oil and Gas

22694; BSMU 3006; Big Stick; LOT3 30-142N-100W; U; Billings; vertical; 9,448; 12/21/2012; 330 bbl
23288; Timber Creek 21-27H; Arnegard; NENW 27-150N-100W; 2SEC; McKenzie; horizontal; 20,680; 10/11/2012; 2,234 bbl
24263; S-Bar 11-7-2TFH; Sanish; NWNW 7-153N-92W; 2SEC; Mountrail; horizontal; 20,237; 3/9/2013; 503 bbl
24264; S-Bar 11-7H; Sanish; NWNW 7-153N-92W; 2SEC; Mountrail; horizontal; 19,983; 3/6/2013; 1,253 bbl

XTO Energy

23548; Albert 24X-1E; Capa; SESW 1-154N-96W; 2SEC; Williams; horizontal; 19,676; 1/19/2013; 838 bbl
23660; Lee 44-31NEH; Siverston; SESE 31-150N-98W; 2SEC; McKenzie; horizontal; 20,810; 3/4/2013; 2,699 bbl

Top 10 Bakken wells by IP rate

Brigham Oil and Gas

22808; Cheryl 17-20#4H; Banks; SWSE 8-152N-98W; 2SEC; McKenzie; horizontal; 21,544; 2/7/2013; 4,439 bbl

Oasis Petroleum

23463; Doris H 5200 44-20B; Camp; SESE 20-152N-100W; 2SEC; McKenzie; horizontal; 20,986; 2/21/2013; 3,539 bbl

Brigham Oil and Gas

22631; Marcia 3-10 3H; Last Chance; LOT3 3-153N-100W; 2SEC; Williams; horizontal; 20,765; 2/8/2013; 3,201 bbl

Burlington Resources

22792; Kirkland 21-28TFH; Pershing; NENW 28-150N-96W; 4SEC; McKenzie; horizontal; 20,160; 1/6/2013; 2,926 bbl

XTO Energy

23660; Lee 44-31NEH; Siverston; SESE 31-150N-98W; 2SEC; McKenzie; horizontal; 20,810; 3/4/2013; 2,699 bbl

Brigham Oil and Gas

22632; Marcia 3-10 4TFH; Last Chance; LOT4 3-153N-100W; 2SEC; Williams; horizontal; 20,765; 2/13/2013; 2,400 bbl

Whiting Oil and Gas

23288; Timber Creek 21-27H; Arnegard; NENW 27-150N-100W; 2SEC; McKenzie; horizontal; 20,680; 10/11/2012; 2,234 bbl

Burlington Resources

23134; CCU Powell 11-29TFH; Corral Creek; NWNW 29-147N-95W; U; Dunn; horizontal; 21,061; 2/19/2013; 2,124 bbl

Hess

23289; BB-Olson 150-95-0817H-2; Blue Buttes; NWNE 8-150N-95W; 2SEC; McKenzie; horizontal; 20,606; 3/1/2013; 1,500 bbl

Kodiak Oil and Gas

19779; Koala 154-97-15-34-27-2H; Grinnell; SWSE 34-154N-97W; 2SEC; McKenzie; horizontal; 19,882; 2/7/2013; 1,353 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 April 2 to April 8, 2013 in the Bakken petroleum system, as well as active wells that were released from tight-hole 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; county and IP oil flow rate in barrels of oil.

Zavanna

21372; Bunning 35-26 1H; Foreman Butte; SWSE 35-150N-102W; 2SEC; McKenzie; horizontal; 20,620; 1/25/2013; 742 bbl

—Compiled by Ashley Lindly

Contact Ashley Lindly at
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IPs for ND Bakken wells

April 9 – April 15, 2013

This chart contains initial production rates, or IPs, for active wells that were filed as completed with the state of North Dakota from April 9 to April 15, 2013 in the Bakken petroleum system, which includes formations such as the Bakken, Three Forks and Birdbear. The completed wells that are missing either haven't been tested or were awarded tight-hole status, so the IP rate is not yet available. This chart also contains a section with active wells that were released from tight-hole status during the same period, April 9 to April 15. The information was assembled by Petroleum News Bakken from daily activity reports from the North Dakota Industrial Commission's Department of Minerals, Oil and Gas Division, website 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. Some of the companies, or their Bakken assets, have been acquired by others. In those cases, the current owner is in parenthesis, such as ExxonMobil in parenthesis behind XTO Energy

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; 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

Marathon Oil

22451; Cutis Kerr 24-8H; Bailey; NENW 17-145N-93W; 2SEC; Dunn; horizontal; 20,561; 3/9/2013; 1,504 bbl

Whiting Oil and Gas

24558; Langwald 31-17-1H; Estes; SWSE 8-150N-104W; 2SEC; McKenzie; horizontal; 20,702; 3/12/2013; 834 bbl
24128; Miller 34-8-1H; Harding; SWSE 8-150N-104W; 2SEC; McKenzie; horizontal; 19,023; 3/12/2013; 1,304 bbl

IPs for ND wells released from tight-hole status

Baytex Energy

22781; Marjorie 6-7-161-97H 1XP; Whiteaker; SWSE 31-162N-97W; 2SEC; Divide; horizontal; 19,390; 10/26/2012; 508 bbl
22782; Marjorie 31-30-162-97H 1PB; Whiteaker; SWSE 31-162N-97W; 2SEC; Divide; horizontal; 18,302; 12/20/2012; 180 bbl
23142; Redfield 14-23 2H; Lone Tree Lake; SESE 23-157N-99W; 2SEC; Williams; horizontal; 20,058; 10/11/2012; 574 bbl

Burlington Resources (ConocoPhillips)

23294; Mesa Verde 34-22MBH; Clear Creek; SESW 22-152N-96W; 2SEC; McKenzie; horizontal; 20,454; 2/27/2013; 2,962 bbl

Hess Corp

22389; BW-Norgard 149-100-1102H-1; SESW 11-149N-100W; 2SEC; McKenzie; horizontal; 20,770; 3/8/2013; 629 bbl
23553; EN-Hanson; Manitou; SWSE 31-156N-94W; 2SEC; Mountrail; horizontal; 20,130; 3/8/2013; 500 bbl
23417; EN-Hegland; Manitou; NWNW 5-155N-94W; 2SEC; Mountrail; horizontal; 20,633; 2/14/2013; 447 bbl

Kodiak Oil and Gas

22848; Koala 15-33-28-3H; Poe; SWSE 33-152N-99W; 2SEC; McKenzie; horizontal; 21,322; 11/11/2012; 2,257 bbl
23389; P Bibler 155-99-15-31-7-16H; Stockyard Creek; SWSE 31-155N-99W; 2SEC; Williams; horizontal; 21,375; 1/23/2013; 1,630 bbl

Marathon Oil

22288; Joanne Quale USA 21-30H; Reunion Bay; NWNW 30-152N-93W; 2SEC; McKenzie; horizontal; 21,125; 1/4/2013; 1,466 bbl

Oasis Petroleum

23230; Ash Federal 5300 11-18T; Baker; LOT1 18-153N-100W; 2SEC; McKenzie; horizontal; 20,482; 11/20/2012; 2,734 bbl
23204; Aubrey 5304 41-22H; Ft. Buford; LOT2 22-153N-104W; 2SEC; Williams; horizontal; 17,373; 11/7/2012; 698 bbl
22676; Blanchet Federal 5693 41-28H; Alger; SWSW 28-156N-93W; 2SEC; Mountrail; horizontal; 20,285; 11/21/2012; 1,468 bbl
23392; Bull Moose 6093 13-4H; Gros Ventre; LOT2 4-160N-93W; 2SEC; Burke; horizontal; 18,760; 11/17/2012; 447 bbl
23274; J Cory 5602 41-10H; Bonetrail; SESW 10-156N-102W; 2SEC; Williams; horizontal; 20,709; 11/16/2012; 792 bbl
22751; Jenna 5604 13-1H; Bull Butte; LOT2 1-156N-104W; 2SEC; Williams; horizontal; 20,632; 11/23/2012; 905 bbl
22438; M Lee 5793 42-11H; Sorkness; SESW 11-157N-93W; 2SEC; Mountrail; horizontal; 19,625; 11/9/2012; 955 bbl
23476; Whitten 5393 11-3B; Sanish; LOT4 3-153N-93W; 2SEC; Mountrail; horizontal; 20,339; 12/11/2012; 2,513 bbl

OXY USA (Occidental Petroleum Corp.)

22177; Split Ridge 1-2-1H-160-91; Dimond; SWNW 2-160N-91W; 2SEC; Burke; horizontal; 17,515; 9/27/2012; 23 bbl

Samson Resources (KKR & Co.)

23719; Titan 3625-2TFH; Ambrose; LOT4 1-163N-99W; 4SEC; Divide; horizontal; 14,124; 3/9/2013; 182 bbl

Top 10 Bakken wells by IP rate

Burlington Resources (ConocoPhillips)

23294; Mesa Verde 34-22MBH; McKenzie; 2,962 bbl

Oasis Petroleum

23230; Ash Federal 5300 11-18T; McKenzie; 2,734 bbl
23476; Whitten 5393 11-3B; Mountrail; 2,513 bbl

Kodiak Oil and Gas

22848; Koala 15-33-28-3H; McKenzie; 2,257 bbl

Whiting Oil and Gas

22425; Norgard 41-13H; McKenzie; 1,677 bbl

Kodiak Oil and Gas

23389; P Bibler 155-99-15-31-7-16H; Williams; 1,630 bbl

Marathon Oil

22451; Curtis Kerr 24-8H; Dunn; 1,504 bbl

Oasis Petroleum

22676; Blanchet Federal 5693 41-28H; Mountrail; 1,468 bbl

Marathon Oil

22288; Joanne Quale USA 21-30H; McKenzie; 1,466 bbl

WPX Energy

22118; Dora Smith 5-8HY; Mountrail; 1,317 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 April 2 to April 8, 2013 in the Bakken petroleum system, as well as active wells that were released from tight-hole 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; county and IP oil flow rate in barrels of oil.

Surge Energy USA

23490; Scandia 1S SENE 34 02 SENW 35H; Souris; SENE 34-164N-78W; ICO; 5,960; 12/2/2012; 38 bbl

WPX Energy

22118; Dora Smith 5-8HY; Van Hook; LOT2 5-150N-92W; 2SEC; Mountrail; horizontal; 20,294; 2/25/2013; 1,317 bbl

Whiting Oil and Gas

22425; Norgard 41-13H; Ellsworth; NENE 13-149N-100W; 2SEC; McKenzie; horizontal; 20,820; 10/11/2012; 1,677 bbl

XTO Energy (ExxonMobil)

23395; Fbir Baker 34X-25E; Heart Butte; SWSE 25-149N-92W; 2SEC; Dunn; horizontal; 21,345; 1/6/2013; 1,158 bbl

Zenergy

21011; Owan 23-26H; Painted Woods; NENW 23-154N-102W; 2SEC; Williams; horizontal; 20,360; 2/10/2013; 1,263 bbl

—Compiled by Ashley Lindly

Contact Ashley Lindly at
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continued from page 17

ACTIVITY

EL NE 22-23N-56E (660 FNL/0 FEL).

In Roosevelt County, Continental was green lighted for two wells. The Jar 1-28H has an SHL at NE NW 28-28N-57E (380 FNL/2125 FWL) and a PBHL of 19,764 feet at SE SW 33-28N-57E (200 FSL/1980 FWL) while the Scottsman 1-30H has an SHL at NW NE 30-28N-57E (380 FNL/1980 FEL) and a PBHL of

19,707 feet at SW SE 31-28N-57E (200 FSL/1980 FEL).

All three horizontal wells will target the Bakken formation.

Permit modifications / corrections

In Richland County, Continental Resources Inc. was approved for permit modifications or corrections on the Katherine 2-15H. The Katherine has an SHL at SE SE 15-25N-55E (240 FSL/800 FEL) and a PBHL of 20,024 feet at NE NE 10-25N-55E (200 FNL/800 FEL) and

targets the Bakken formation.

Completions

In Glacier County, Anschutz Exploration Corp. filed a completion report for the White Calf 1-4. The White Calf is at SW NW 4-30N-10W (1465 FNL/665 FWL) and taps the Sun River Dolomite. The reported IP was 87 BOPD, 560 MCFPD and 231 BWPD.

In Musselshell County, North Range Exploration LLC reported the completion of the Barile 3-7. The well has a TD of

4,050 feet and is located at NW SE 7-10N-28E (1663 FSL/2078 FEL).

In Richland County, Slawson Exploration Co. Inc. reported the completion of two wells. The Culverin 1-32H has an SHL at SW SW 32-21N-60E (200 FSL/660 FWL) and a BHL of 15,060 feet at NW NW 32-21N-60E (252 FNL/732 FWL). The Culverin's reported IP was 476 BOPD, 295 MCFPD and 1,630 BWPD. The Dragonfly 1-36H, with an SHL at NE NE 36-23N-54E (270 FNL/800 FEL) and a BHL of 14,455 feet at SE SE 36-23N-54E (252 FSL/824 FEL), turned in an IP of 82 BOPD, 90 MCFPD and 169 BWPD. Both wells target the Bakken formation.

In Roosevelt County, Vaalco Energy (USA) Inc. filed a completion report for the EPU 125. The EPU 125 is at SW NW 2-28N-51E (1500 FNL/1150 FWL) and has a TD of 7,460 feet, reaching the Nisku Formation. The EPU 125 turned in an IP of 202 BWPD.

In Teton County, Sands Oil Co. reported the completion of the Nelson-Patterson NP 41-34 at NE NE 34-27N-5W (618 FNL/990 FEL). The Nelson-Patterson has a TD of 2,314 feet and an IP of 5 BOPD, producing from the Sun River Dolomite. ●



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Top 50 North Dakota Bakken oil producers February 2013

Company	BDP*	Company	BDP*
1 Continental Resources, Inc.	70,351.6	28 Baytex Energy USA Ltd	3,951.5
2 Whiting Oil and Gas Corporation	67,695.3	29 Triangle USA Petroleum Corporation	3,024.6
3 Hess Corporation	67,287.6	30 Sinclair Oil and Gas Company	1,999.6
4 Brigham Oil & Gas, LP (Statoil)	45,674.4	31 American Eagle Energy Corporation	1,778.8
5 EOG Resources, Inc.	43,338.4	32 Sequel Energy, LLC	1,610.3
6 Marathon Oil Company	35,436.6	33 Cornerstone Natural Resources, LLC	1,519.1
7 XTO Energy Inc. (ExxonMobil)	33,416.8	34 Arsenal Energy USA, Inc.	743.6
8 Kodiak Oil & Gas (USA), Inc.	27,709.3	35 GMX Resources, Inc.	623.8
9 Oasis Petroleum North America LLC	25,427.7	36 Abraxas Petroleum Corp	591.0
10 Burlington Resources Oil & Gas Company, LP (ConocoPhillips)	22,959.5	37 True Oil, LLC	407.8
11 Slawson Exploration Company, Inc.	21,178.6	38 Windsor Energy Group, LLC	232.4
12 QEP Energy Company	16,432.4	39 Gadeco, LLC	226.6
13 SM Energy Company	16,066.9	40 Prima Exploration, Inc.	203.3
14 WPX Energy Williston, LLC	16,014.9	41 Resolute Natural Resources Company, LLC	167.8
15 G3 Operating, LLC (Halcon Resources Corp.)	14,663.7	42 Bakken Hunter, LLC	120.7
16 Oxy USA, Inc.	14,634.4	43 Legacy Reserves Operating LP	109.4
17 Petro-Hunt, LLC	12,320.9	44 Resource Drilling, LLC	104.2
18 Newfield Production Company	11,769.4	45 SHD Oil & Gas, LLC	89.8
19 Enerplus Resources USA Corporation	10,759.3	46 Texakota, Inc.	41.2
20 Hunt Oil Company	10,613.6	47 Petro Havester Operating Company, LLC	33.0
21 Zenergy, Inc.	9,410.4	48 BTA Oil Producers, LLC	21.4
22 Zavanna, LLC	8,482.4	49 Sundance Energy, Inc.	20.7
23 Murex Petroleum Corporation	8,408.2	50 Peregrine Petroleum Partners, LTD	15.6
24 Fidelity Exploration & Production (MDU)	7,523.2		
25 Samson Resources Company (KKR & Co.)	6,299.6		
26 Liberty Resources, LLC	4,216.3		
27 Crescent Point Energy US Corp.	3,956.9		

*Barrels of oil per day

Bakken petroleum system production derived from the preliminary February 2013 Oil & Gas Production Report published by the North Dakota State Industrial Commission, Department of Minerals, Oil and Gas Division. Note this is the oil produced by wells operated by these companies; it does not identify the percentage of Bakken petroleum system oil (including Three Forks) that is owned by the company or its partners, so it may differ from what the company reports.



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continued from page 15

PRODUCTION

Glass Bluff - Bakken - McKenzie	1,482
Hardscrabble - Bakken - Williams	2,443
Kittleson Slough - Bakken - Mountrail	8,053
Lake Trenton - Bakken - Williams	3,296
Last Chance - Bakken - Williams	46,418
Nameless - Bakken - McKenzie	6,156
Painted Woods - Bakken - Williams	55,546
Parshall - Bakken - Mountrail	1,111
Patent Gate - Bakken - McKenzie	3,072
Poe - Bakken - McKenzie	15,292
Ragged Butte - Bakken - McKenzie	20,410
Rosebud - Bakken - Williams	5,665
Ross - Bakken - Mountrail	224
Sakakawea - Bakken - McKenzie	4,827
Sandrocks - Bakken - McKenzie	13,580
Spring Creek - Bakken - McKenzie	5,504
Squires - Bakken - Williams	29,787
Stony Creek - Bakken - Williams	44,308
Sugar Beet - Bakken - Williams	7,272
Todd - Bakken - Williams	174,456
Wildcat - Bakken - MCK/WIL	3,717
Williston - Bakken - Williams - 21,056	

Daily average: 45,674.4

BTA Oil Producers, LLC

Bicentennial - Bakken - Golden Valley	259
Elkhorn Ranch - Bakken - Billings	40
Pierre Creek - Bakken - McKenzie	299

Daily average: 21.4

Burlington Resources Oil & Gas Company, LP (ConocoPhillips)

Bailey - Bakken - Dunn	18,137
Banks - Bakken - McKenzie	6,371
Bennett Creek - Bakken - McKenzie	1,734
Blue Buttes - Bakken - McKenzie	40,942
Bully - Bakken - McKenzie	2,473
Cabernet - Bakken - Dunn	9,449
Camel Butte - Bakken - McKenzie	9,194
Charlson - Bakken - McKenzie	23,240
Clear Creek - Bakken - McKenzie	44,288
Corral Creek - Bakken - Dunn	51,991
Croff - Bakken - McKenzie	6,717
Crooked Creek - Bakken - Dunn	5,179
Dimmick Lake - Bakken - McKenzie	2,783
Elidah - Bakken - McKenzie	30,961
Fayette - Bakken - Dunn	432
Hawkeye - Bakken - McKenzie	8,822
Haystack Butte - Bakken - McKenzie	66,585
Jim Creek - Bakken - Dunn	4,521
Johnson Corner - Bakken - McKenzie	6,312
Keene - Bakken/Three Forks - McKenzie	42,252
Killdeer - Bakken - Dunn	6,767
Little Knife - Bakken - Dunn	34,229
Lone Butte - Bakken - Dunn	4,346
Mondak - Bakken - McKenzie	0
Morgan Draw - Bakken - Golden Valley	1,231
Murphy Creek - Bakken - Dunn	50,072
North Fork - Bakken - McKenzie	14,962
Pershing - Bakken - McKenzie	6,792
Pierre Creek - Bakken - McKenzie	706
Sand Creek - Bakken - McKenzie	9,867
Twin Valley - Bakken - McKenzie	3,631
Union Center - Bakken - McKenzie	99,368
Westberg - Bakken - McKenzie	26,479
Wildcat - Bakken - McKenzie	501
Willmen - Bakken - Dunn	1,532

Daily average: 22,959.5

Carl H. Nordstrand

Pierre Creek - Bakken - McKenzie	105
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Daily average: 3.8

Charger Resources, LLC

Buckhorn - Bakken - McKenzie	65
Johnson Corner - Bakken - McKenzie	0
Morgan Draw - Bakken - Golden Valley	174
Pierre Creek - Bakken - McKenzie	0

Daily average: 8.5

Chesapeake Operating, Inc.

Wildcat - Bakken/Three Forks - STK/GV	0
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Daily average: 0.0

Citation Oil & Gas Corporation

Sadler - Bakken - Divide	64
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Daily average: 2.3

Condor Petroleum, Inc.

Big Bend - Bakken - Mountrail	0
Hayland - Bakken - Divide	111
Stoneview - Bakken - Divide	77

Daily average: 6.7

Continental Resources, Inc.

Alkali Creek - Bakken - Mountrail	51,174
Avoca - Bakken - Williams	22,342
Banks - Bakken - McKenzie	133,004
Barta - Bakken - Billings	2,266
Battleview - Bakken - Williams	5,344
Baukol Noonan - Bakken - Divide	0
Bear Creek - Bakken - Dunn	6,876
Beaver Creek - Bakken - Golden Valley	3,882
Beaver Creek Bay - Bakken - Mercer	381
Beaver Lodge - Bakken - Williams	227
Bell - Bakken - Stark	3,164
Bicentennial - Bakken - McKenzie	778
Big Gulch - Bakken - Dunn	6,954
Blacktail - Bakken - Billings	2,192
Bluffton - Bakken - Divide	2,936
Border - Bakken - BRK/DIV	3,583
Brooklyn - Bakken - Williams	100,294
Bully - Bakken - McKenzie	4,513
Cabernet - Bakken - Dunn	5,348
Camel Butte - Bakken - McKenzie	1,390
Camp - Bakken - McKenzie	115,642
Cedar Coulee - Bakken - Dunn	47,762
Charlie Bob - Bakken - McKenzie	183
Charlson - Bakken - McKenzie	15
Chimney Butte - Bakken - Dunn	83,540
Corinth - Bakken - Williams	15,756
Corral Creek - Bakken - Dunn	5,333
Crazy Man Creek - Bakken - Williams	27,692
Demores - Bakken - Billings	682
Dimmick Lake - Bakken - McKenzie	10,350
Dollar Joe - Bakken - Williams	41,991
Dolphin - Bakken - Divide	15,203
Dutch Henry Butte - Bakken - Stark	166
East Fork - Bakken - Williams	78,129
Edge - Bakken - McKenzie	3,478
Elidah - Bakken - McKenzie	39,804
Elk - Bakken - McKenzie	12,375
Elkhorn Ranch - Bakken - Billings	3,722
Ellisville - Bakken - Williams	1,145
Elm Tree - Bakken - McKenzie	53,916
Epping - Bakken - Williams	23,013
Fancy Buttes - Bakken - McKenzie	2,327
Forthun - Bakken - Divide	120
Frazier - Bakken - Divide	7,257
Glade - Bakken - Billings	237
Glass Bluff - Bakken - McKenzie	4,624
Hamlet - Bakken - Divide	36,731
Hanson - Bakken - Williams	8,947
Haystack Butte - Bakken - MCK/DUN	14,823
Hebron - Bakken - Williams	12,410
Indian Hill - Bakken - McKenzie	18,612
Jim Creek - Bakken - Dunn	80,322
Juno - Bakken - Divide	1,370
Kimberly - Bakken - Divide	602
Last Chance - Bakken - Williams	21,159
Lindahl - Bakken - Williams	16,331
Little Knife - Bakken - Williams	19,627
Lone Tree Lake - Bakken - Williams	33,342
Long Creek - Bakken - Williams	48,919
Mary - Bakken - McKenzie	1,096
Mondak - Bakken - McKenzie	2,204
Murphy Creek - Bakken - Dunn	63,614
North Tioga - Bakken - WIL/BRK	112,230
North Tobacco Garden - Bakken - McKenzie	32,665
Northwest McGregor - Bakken - Williams	17,599
Oakdale - Bakken - Dunn	68,664
Oliver - Bakken - Williams	48,126
Patent Gate - Bakken - McKenzie	7,232

Pembroke - Bakken - McKenzie	6,666
Pershing - Bakken - McKenzie	12,987
Pleasant Valley - Bakken - Williams	4,546
Poe - Bakken - McKenzie	2,372
Rainbow - Bakken - Williams	9,692
Ranch Coulee - Bakken - McKenzie	1,282
Ranch Creek - Bakken - McKenzie	644
Rattlesnake Point - Bakken - Dunn	24,692
Ross - Bakken - Mountrail	494
Sadler - Bakken - Divide	14,011
Sauk - Bakken - DIV/WIL	9,004
Siverston - Bakken - McKenzie	1,959
South Boxcar - Bakken - McKenzie	353
South Meadow - Bakken - Williams	269
Squires - Bakken - Williams	7,907
St. Demetrius - Bakken - Billings	51,213
Stoneview - Bakken - DIV/WIL/BRK	88,789
Temple - Bakken - Williams	3,700
Todd - Bakken - Williams	4,529
Upland - Bakken - Divide	31,632
Viking - Bakken - Burke	12,969
West Capa - Bakken - Williams	3,017
Westberg - Bakken - McKenzie	10,469
Wildcat - Bakken - WIL/BIL/MCK	22,332
Wildrose - Bakken - Divide	20,936
Willow Creek - Bakken - Williams	5,645

Daily average: 70,351.6

Cornerstone Natural Resources, LLC

Bailey - Bakken - Dunn	1,845
Carter - Bakken - Burke	1,428
Clear Water - Bakken - Burke	1,538
Coteau - Bakken - Dunn	10,853
Customs - Bakken - Burke	1,682
Flaxton - Bakken - Burke	2,520
Lignite - Bakken - Burke	409
Lostwood - Bakken - Burke	3,356
Northeast Foothills - Bakken - Burke	1,291
Pickett - Bakken - McKenzie	1,820
South Coteau - Bakken - Burke	11,855
Woburn - Bakken - Burke	3,939

Daily average: 1,519.1

Crescent Point Energy US Corp.

Alkabo - Bakken - Divide	960
Blue Ridge - Bakken - Williams	6,534
Colgan - Bakken - Divide	7,285
Dublin - Bakken - Williams	5,218
Ellisville - Bakken - Williams	10,554
Gooseneck - Bakken - Divide	6,549
Little Muddy - Bakken - Williams	27,022
New Home - Bakken - Williams	557
West Ambrose - Bakken - Divide	19,905
Wheelock - Bakken - Williams	482
Wildcat - Bakken - DIV/WIL	5,539
Wildrose - Bakken - Divide	5,202
Winner - Bakken - Williams	14,987

Daily average: 3,956.9

Eagle Operating, Inc.

Spiral - Bakken - Burke	55
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Daily average: 2.0

Earthstone Energy, Inc.

Flat Top Butte - Bakken - McKenzie	240
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Daily average: 8.6

Endeavor Energy Resources, LP

Bicentennial - Bakken - McKenzie	0
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Daily average: 0.0

Encore Energy Partners Operating, LLC

Ice Caves - Bakken - Billings	178
North Tioga - Bakken - Burke	84
Tree Top - Bakken - Billings	0

Daily average: 9.4

Enerplus Resources USA Corporation

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GOVERNMENT

House group forms freight-focused panel

The U.S. House Committee on Transportation and Infrastructure has formed a new panel charged with examining the current state of freight transportation in the United States and how improving freight transportation can strengthen the country's economy.

In an April 16 press release committee Chairman Bill Shuster, R-Pa., and Ranking Member Nick Rahall, D-W.Va., said the full committee's vice chairman, Rep. John J. Duncan Jr., R-Tenn., will chair the Panel on 21st Century Freight Transportation and Rep. Jerrold Nadler, D-N.Y., will serve as the panel's ranking member.

By the rules of the committee adopted at the beginning of the Congress, the special panel will serve for a period of six months, beginning with its first scheduled hearing on April 24.

Other panel members include Reps. Gary Miller, R-Calif., Rick Crawford, R-Ark., Richard Hanna, R-N.Y., Daniel Webster, R-Fla., Markwayne Mullin, R-Okla., Corrine Brown, D-Fla., Daniel Lipinski, D-Ill., Albio Sires, D-N.J., and Janice Hahn, D-Calif.

"Given that freight transportation cuts across many modes, this panel will play a critical role in providing recommendations on how to improve the efficient movement of goods between highways, ports, inland waterways, railroads, air carriers, and pipelines," Shuster said in the press release. "I am confident Chairman Duncan and the members of the panel will provide the committee with valuable insights for the improvement of freight transportation and our Nation's economy."

"In the past, the conversation about freight transportation and goods movement has focused only on one specific mode of transportation or another," Duncan said. "But freight doesn't move just by ship, or by rail car, or by truck. Chances are the goods you buy at the store got on the shelves thanks to all those methods of transportation. Bottlenecks during any leg of that journey from the manufacturer to the market drive up costs. That's why improving the flow of freight across all modes of transportation is so critical to a healthy economy."

"The movement of freight is one of the most critical transportation questions for the 21st century," Nadler said. "How we prioritize, invest, and develop freight infrastructure will have considerable bearing on how our economy grows, how we compete on the world stage, and how we create a sustainable and environmentally clean future at home. I look forward to working with Chairman Duncan and my other colleagues on this important panel to give freight movement the attention it deserves."

—PETROLEUM NEWS BAKKEN



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continued from page 1

RAIL EXPANSION

tion and expected to be in service by July 1. It will receive crude from trucks and Tundra's existing pipeline network.

The second phase will expand the facility by another 30,000 barrels per day and connect up with Enbridge's pipeline network in the Bakken, an oil-rich rock formation underlying parts of North Dakota, Saskatchewan, Manitoba and Montana, as well as Tundra's gathering system in Manitoba.

Enbridge's participation will depend on whether it can get enough customers to commit to the project.

"This project continues Tundra's commitment to providing infrastructure for producers in Manitoba and Saskatchewan to enhance their options for marketing and storing their production," said Tundra President Bryan Lankester.

Tundra Energy Marketing handles crude oil on behalf of producers in the Williston Basin, including its parent company, Tundra Oil & Gas Partnership, which has been an active driller in the area for the past 32 years.

Tundra Oil & Gas is a wholly-owned business of Winnipeg-based James Richardson & Sons, Ltd., a privately-owned, family company established in 1857. JRSL is a multi-disciplined enterprise with operations in agriculture, food processing, financial services, property management and energy exploration.

Calgary-based Enbridge, which employs 10,000 people, is a major transporter of energy in Canada and the United States, where it operates the world's longest crude oil and liquids transportation system. The company also has a significant and growing involvement in natural gas gathering, transmis-

sion and midstream businesses, and an increasing involvement in power transmission. As a distributor of energy, Enbridge owns and operates Canada's largest natural gas distribution company, and provides distribution services in Ontario, Quebec, New Brunswick and New York State.

As a generator of energy, Enbridge has interests in close to 1,000 megawatts of renewable and alternative energy generating capacity and is expanding its interests in wind and solar energy, geothermal and hybrid fuel cells.

—PETROLEUM NEWS BAKKEN



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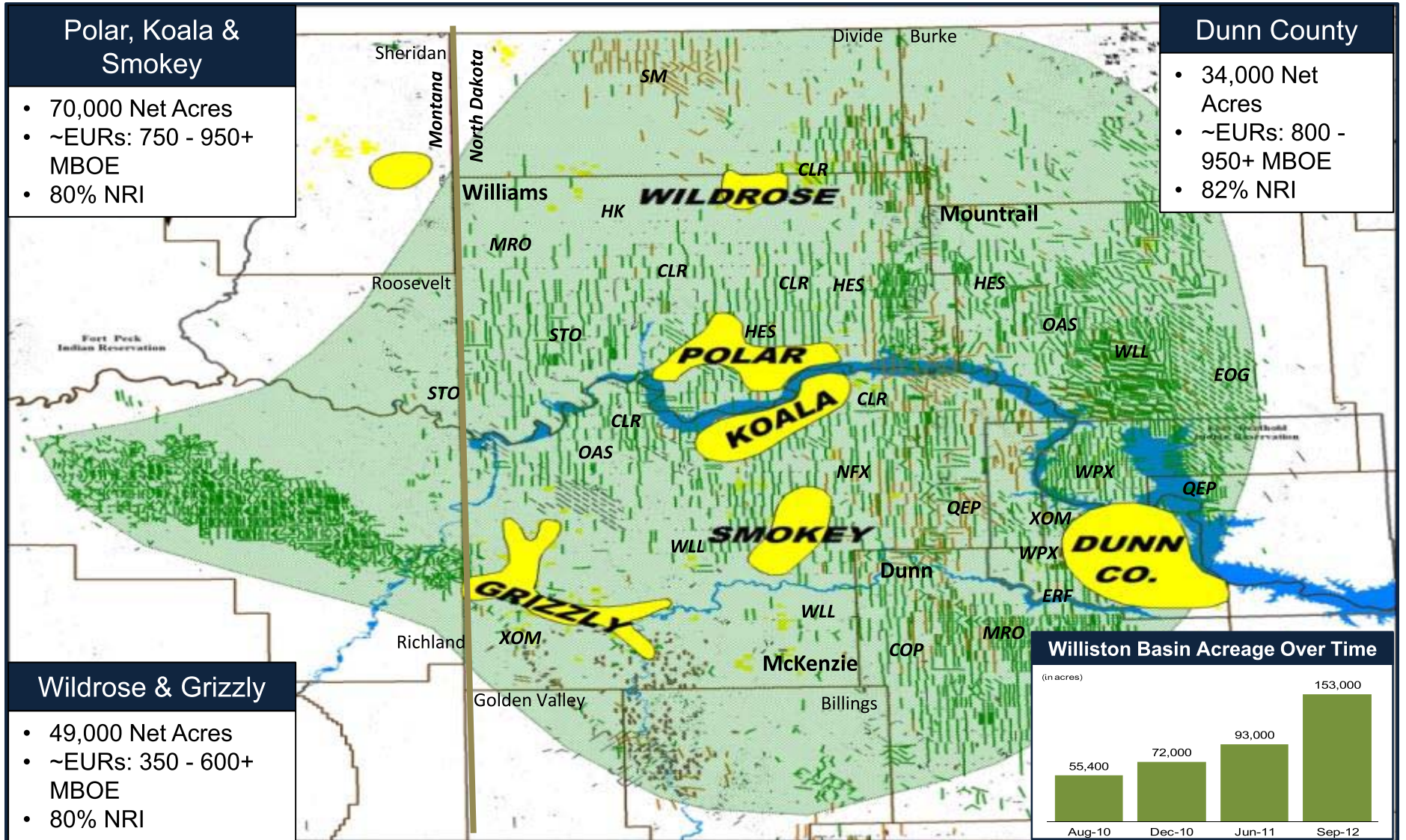
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PIERCE HOMES

Williston Asset Overview

154,000 Net Acre Position in Heart of Play



continued from page 1

KODIAK SALES

Capex \$775 million for year

Capital expenditures for the year are anticipated to total about \$775 million, or 75 net wells at roughly \$10 million per well. To protect its capex program, Kodiak said it hedged about 18,000 barrels per day for 2013 at a little over \$95 per barrel. Currently, the company also has hedged about 8,000 barrels per day for 2014 at about \$92.50 per barrel.

Kodiak said it expects to report its first quarter 2013 operational and financial results after the close of trading on May 2.

During the first quarter, Kodiak completed 20 gross

(14.6 net) operated wells and participated in the completion of 13 gross (3.4 net) non-operated wells, the company said, noting that beginning in March, it was operating with just one full-time, 24-hour completion crew. However, as drilling operations on several multi-well pads have recently concluded, Kodiak now plans to add a second full-time, 24-hour crew in May. With the additional help, Kodiak now expects to complete 27 gross (23 net) operated wells during the second quarter.

Kodiak is currently operating seven drilling rigs in the Williston Basin. Four rigs are operating in the Polar project area in southern Williams County, two rigs in the Smokey project area in McKenzie County and one rig operating in Dunn County.

The company's program to test 12 wells within a 1,280-acre drilling spacing unit continues on schedule in

the Polar and Smokey operating areas, with two drilling rigs operating in each area.

Core data from one of the wells in the Polar project has been obtained and is undergoing evaluation, Kodiak said, adding that completion work on both projects, including a micro seismic program in the Polar area, is scheduled to commence in May.

Facilities added

In an ongoing effort to reduce operating costs, the company said it finished the drilling and equipping of three additional water disposal wells during the first quarter. And Kodiak anticipates that oil, gas and water lines in the Polar area should be substantially completed during the second quarter, which would then complete

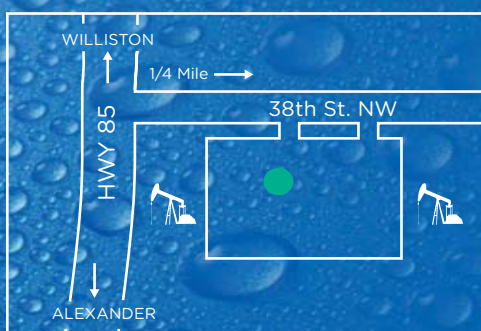
see **KODIAK SALES** page 25



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COMPANY UPDATE

Halcon upbeat on Bakken well modifications

Houston-based Halcon Resources reported positive results April 15 on the new drilling and completion modifications it has applied to some of its Bakken and Three Forks wells in the Williston Basin. Halcon said the modifications, which are expected to both improve recoveries and lower costs, include an increasing number of frack stages, a greater volume of proppant and a reduced gel component.

In the Marmon area of Williams County, Halcon saw an initial production rate of 1,142 barrels of oil equivalent, 85 percent of which was oil, 37 percent higher than other wells it has in the area.

In the McGregory Buttes area in northern Dunn County, where Halcon also applied the modifications, it reported average initial production rates of 1,810 boe per day on two Three Forks wells, which it said was a 20 percent improvement over previously drilled Three Forks wells in that area.

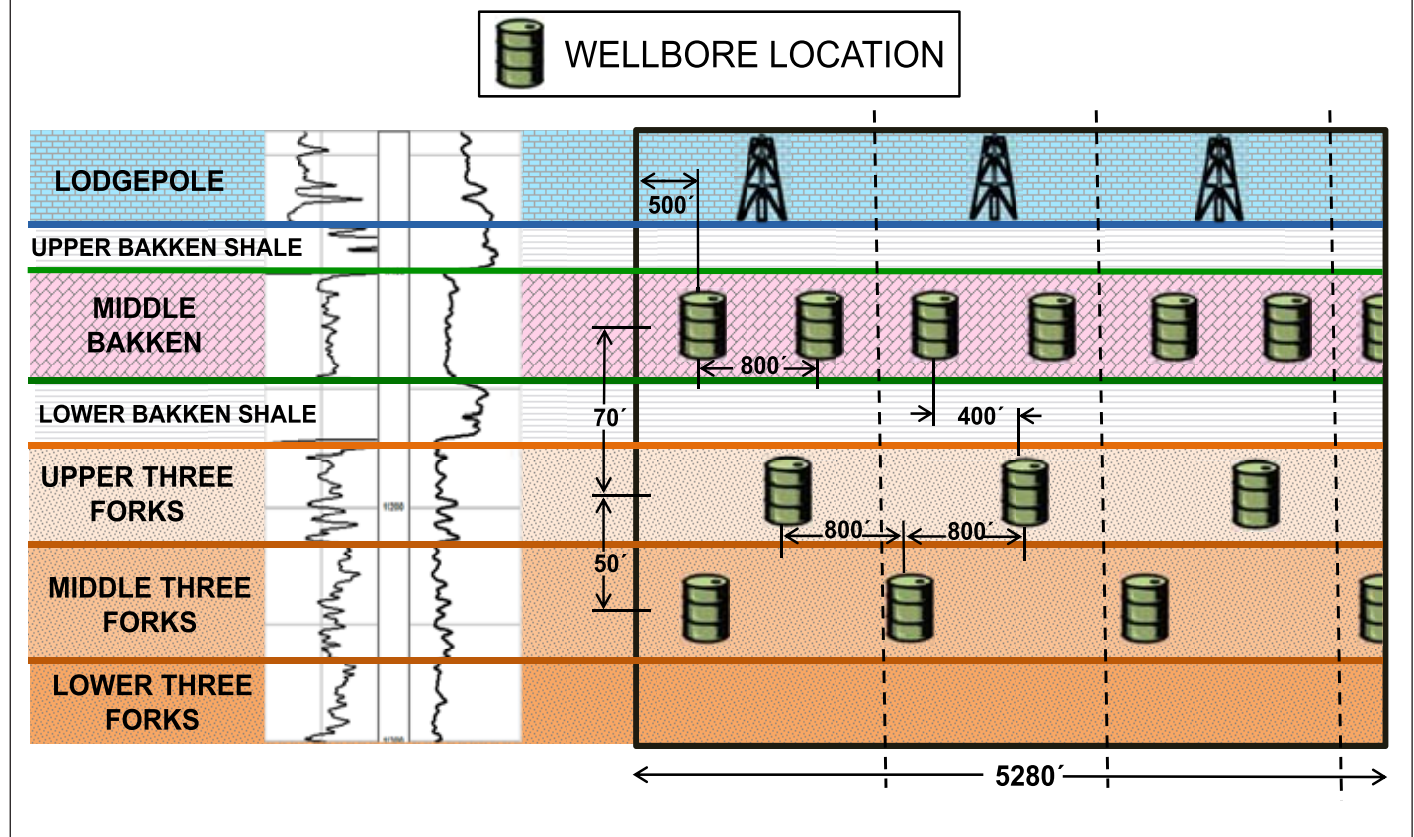
On the downside, Halcon reported that the combination of inclement weather, implementation of batch drilling and continuing flaring of approximately 6 million cubic feet of natural gas per day resulted in a negative impact on its Bakken production of approximately 1,500 boe per day in the first quarter of 2013.

In its April 15 press release Halcon also said it is adding its Eagle Ford assets in east Texas to its list of core plays, splitting it out as a separate and distinct area from its Woodbine play. That new Eagle Ford core play, along with the Bakken/Three Forks, the Woodbine, and Utica/Point Pleasant in Ohio and Pennsylvania, brings the number of Halcon's core plays to four.

Halcon said it expects to spend approximately \$100 million in the Eagle Ford in 2013 operating from one to three rigs and spudding between 15 and 20 wells. The company estimates ultimate recoveries for the Eagle Ford wells at between 350,000 and 400,000 barrels of oil equivalent each.

—MIKE ELLERD

Smokey & Polar Pilot Projects: Reservoir Well Spacing Pattern



continued from page 24

KODIAK SALES

the significant portion of the pipeline work throughout Kodiak's acreage blocks.

"We look forward to being able to move to the completion procedures on our pilot projects in the coming weeks which should result in continued growth in production, cash flow and reserves for our shareholders," Kodiak's Peterson said.

In spite of bad weather that plagued the North Dakota oil patch this winter, Kodiak's field operations were able to move ahead without significant delays, Peterson said.

"With the onset of the warmer months, we anticipate that our well completions will increase and expect that our efficiencies should improve," he added. "Our drilling program continues to see efficiency gains with fewer drilling days which, when combined with better third-party service costs, is helping to drive down our well costs."

Borrowing base increased

Meanwhile, Kodiak and its lenders have entered into an amendment which increases the company's borrowing base to \$650 million from the previous \$450 million. For the present, Kodiak decided to limit its aggregate commitment on the revolver to \$550 million. Concurrently, the overall facility was increased from \$750 million to \$1.5 billion with the maturities extended to April 2018. Kodiak's long-term debt at

March 31 was \$1.25 billion consisting of \$1.15 billion in senior notes and \$100 million in borrowings under its credit facility.

Kodiak said management believes that the credit facility's undrawn portion, when combined with cash flow from operations, is adequate to finance its anticipated 2013 capital expenditures.

—RAY TYSON

Contact Ray Tyson at rtyson@petroleumnews.com



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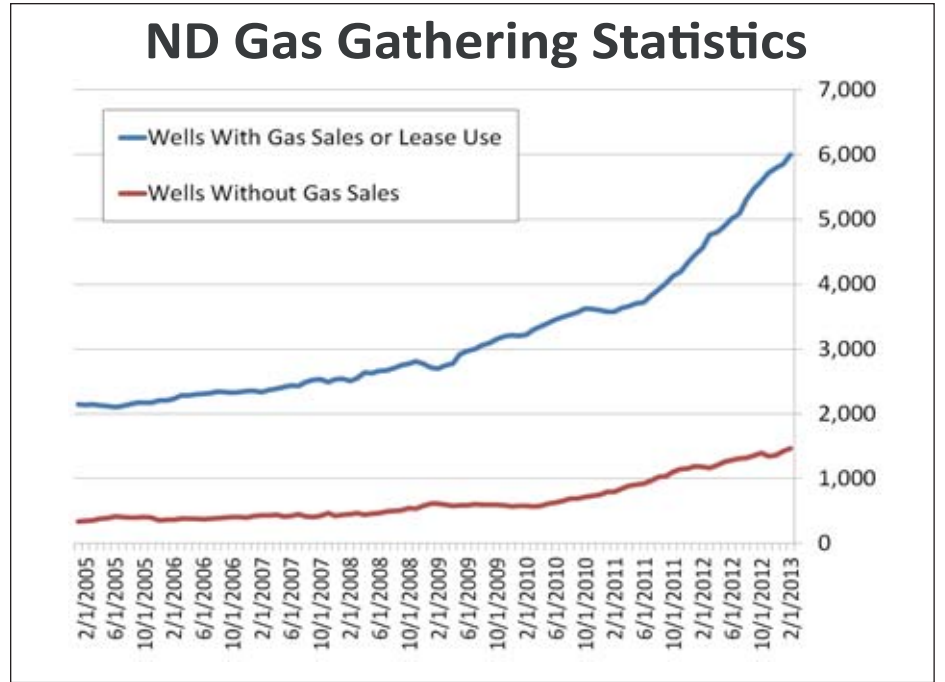
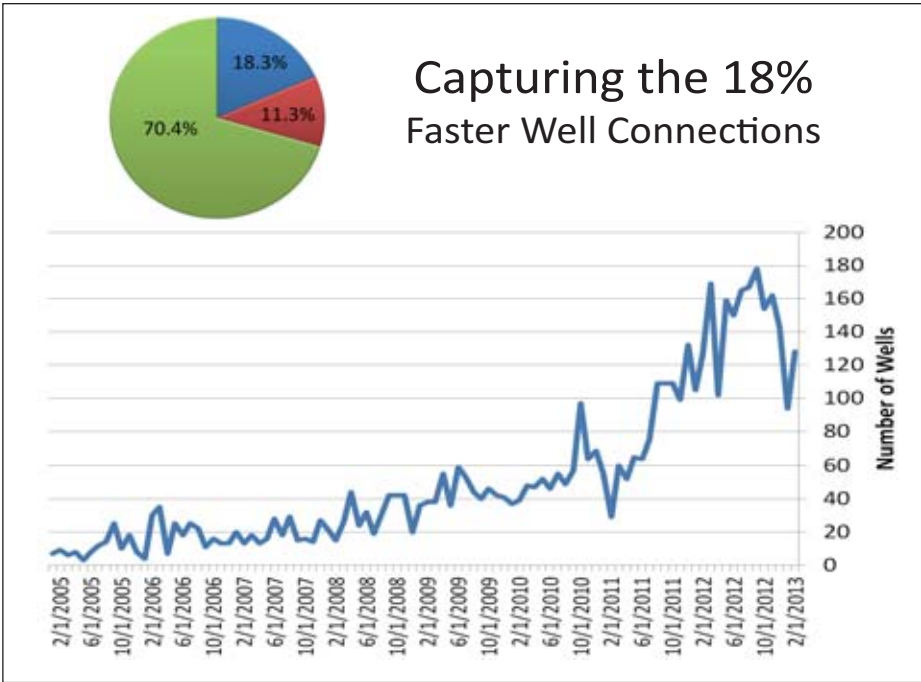
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continued from page 1
GAS FLARING

percent, with the number of days that a typical well is flared declining fast, efforts to curb flaring are paying off. He said with the ongoing construction of gathering systems, the state is “catching up.”

Challenges remain

But challenges remain, and Helms noted that there is an “enormous backlog” of wells that are still flaring. For example, he said, there are still 155 wells flaring that

were installed in 2011 that don’t have a short-term plan for connecting.

“Flaring is going to be something we wrestle with from month to month to month,” Helms said. “We’ll make a lot of progress in the summer months I think, but not so much in the winter months.”

Helms said the North Dakota Industrial Commission is cutting down on the time allowed for gas to be flared from a well. At one point, he said, the commission was granting extensions on a semi-annual basis. Helms said as an example, if a request were submitted this time of year, an extension could be granted for up to nine months. However, he said the com-

mission has now reduced that to a quarterly basis so operators will be looking at extensions in the three to six month range.

Incentives proposed

But Helms also pointed to House Bill 1134, a bill introduced by Rep. Todd Porter that provides tax incentives for new gathering systems as well as incentives for other flaring alternatives. Having passed both houses of the North Dakota legislature, that bill is now in a conference committee.

Justin Kringstad, director of the North Dakota Pipeline Authority, told Petroleum News Bakken that the number of new wells getting connected to gas sales

increased to nearly 130 after several previous months of decline. In comparison, 150 new wells went on production in February (see related story on page 10).

But the downside to those numbers is that at the end of the month, more wells went on production than were connected to gas sales, resulting in an uptick in the total number of wells in the state that are not connected to gas sales. The ultimate goal is to get to a point where the number of wells connecting to gas sales surpasses the number of wells going on production — that is what will close the gap on flaring. ●

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Larson releases 3000 watt metal halide mini-light tower

Larson Electronics’ said April 15 that it has released a mini light tower equipped with an onboard generator and 3,000 watts of metal halide lighting fitted to an adjustable tower assembly. The WAL-ML-3XM-3G 3000 watt mini light tower is a powerful yet fully portable lighting system that allows operators to illuminate more than three acres effectively without the need for external power sources or dedicated towing packages.

The WAL-ML-3XM-3G mini light tower provides operators with a powerful and easily transported lighting system that offers the power of a full size lighting system in a compact and self powered package. This mini light tower features big output from a small size with three 1,000 watt metal halide lamps powered by a single generator producing over 3200 VA, and an adjustable light tower boom that can be elevated up to 12 feet in height. This unit produces 330,000 lumens of intense light output in a large flood pattern, and when elevated to its full 12 foot height can illuminate three acres of work or event area effectively. The tower and base assembly is constructed of powder coated steel for durability and high strength, and the extendable light tower is raised or lowered using an included hand winch for easy deployment.

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Four Seasons Equipment		Northern Electric		Watford Ranch	21

continued from page 1

MULTI-WELL PADS

table will keep our current rig fleet busy for three years.”

But with drilling efficiencies increasing, the time to get those wells in could potentially be less. The average drilling time, Helms said, is now down to just over 20 days, and the time from spud date to completion data is down to 110 days. “So as we progress on that over the next three years, we think we’ll see a major decrease in that 110 days. I think that’s where the next big efficiency step is going to take place.”

In terms of well density per pad, Helms said the largest number of wells on a single pad thus far is 14, although not all of those 14 wells are yet on production. But he added that three orders have been signed approving 18 wells per pad, which is the highest number approved to date.

In addition, Helms said he knows of some proposals that will be submitted in coming months to attempt several 24-well pads. “It is a positive thing,” he said, “because it decreases the footprint, increases the production and allows us to recover more of the Bakken and Three Forks oil.”

For purposes of long-term projections, Helms said the

division has used six wells per pad. With approximately 8,000 spacing units proposed for the Bakken/Three Forks play, that number results in an estimated 48,000 wells that will ultimately be drilling to fully develop the resource. That total number of well bores, he added, is nearly 10 times the current number of wells producing from the Bakken petroleum system. Fully developing that system is going to be a decades-long process, Helms concluded.

Multi-lateral wells

While pad technology has been rapidly advancing, Helms said he has not seen much success in wells with multi-laterals drilled from a single vertical bore. “Actually nobody has attempted a multi-lateral well for about a year and a half now,” he said. That was a technology that saw a lot of activity in 2010 and into the first half of 2011, “but the failure rate was just too high.” Only about 50 percent of those wells, he said, were actually able to get both laterals fracked and on production. “So the industry, in an effort to reduce costs and improve efficiencies, backed away from that technology for about the last year and a half and we haven’t seen a multi-lateral well drilled in about 18 months.”

Helms added that there really isn’t any talk about going

back to that technology. Operators, he said, are able to drill the vertical sections of wells so quickly that it is now more efficient and cost effective to drill a vertical well bore for each horizontal lateral.

Three-mile laterals

Helms said there is one three-mile lateral currently on production in North Dakota and believes there are three in Montana, but added that there are a “handful” of three-mile laterals planned for North Dakota in the remainder of 2013. He said the three-mile lateral approach hasn’t really taken off, but added that it does have utility in certain areas, such as under Lake Sakakawea or other areas of difficult topography as well as in scenic areas.

According to Helms, it is still very early in the development of the longer lateral technology, and it is very difficult to know if those longer laterals are effectively fracking and draining the additional stage at the far end of the lateral. “We know that we can produce a two mile-long lateral just effectively as we can a one, but we don’t know about three.” ●

Contact Mike Ellerd at mellerd@petroleumnewsbakken.com

continued from page 1

XL PUSH

What they and a parade of visiting provincial premiers and federal cabinet ministers encountered was stiffening resistance to Keystone XL and uncertainty over when the Obama administration will make its final decision on the pipeline.

Decision months away

Even TransCanada’s Alex Pourbaix, president of energy and oil pipelines, had little good cheer to offer after speaking at a U.S. House of Representatives Energy and Power subcommittee hearing on a proposed bill that would grant approval for Keystone XL without a presidential permit.

He reported later that a decision on the permit is now “many more months down the road,” dashing hopes of a verdict by the end of June.

Making her second trip in two months to Washington, Redford, along with her International Relations Minister Cal Dallas and Environment Minister Diana McQueen, told senators, members of Congress and other power brokers that Keystone XL can be built at the same time Alberta can reduce GHGs and be a good steward of land, water and air.

Her lobbying was accompanied by a second round of Alberta government advertisements in U.S. publications, including the Washington Post, aimed at convincing Americans that approving XL would benefit both sides of the Canada-U.S. border.

“America’s desire to effectively balance strong environmental policy, clean technology development, energy security and plentiful job opportunities for the middle class and returning war veterans mirrors that of the people of Alberta,” the advertisements proclaimed.

At the same time, a coalition of XL opponents launched a new TV ad campaign and hit many U.S. morning talk shows with an “all risk, no reward” message.

Greening the image

But the ultimate attempt to “green” Alberta’s image was taking place in backrooms in a round of preliminary negotiations with the petroleum industry, specific companies and the Canadian government on a controversial proposal by Redford’s government to impose a new carbon levy and require big oil producers to slash their GHGs.

“We are currently in the early stages of exploring a variety of options through a collaborative process,” said McQueen.

“These discussions are ongoing and revised targets have not yet been finalized.”

Although the province was not prepared to disclose actual targets, various leaks from meetings with Kent and senior oil executives point to a staged cut in per-barrel GHGs of 40 percent and an increase in Alberta’s carbon tax to C\$40 per metric ton from C\$15.

Alberta Energy Minister Ken Hughes said he expects to get feedback from the industry “over the next few weeks.”

Plan for 2020

The so-called 40/40 plan, to take effect in 2020, would replace the current penalty on large industrial polluters who must reduce their GHG emissions intensity by 12 percent or pay a C\$15 per metric ton levy if their carbon emissions exceed 100,000 metric tons a year.

Danielle Smith, leader of the Wildrose Party in the Alberta legislature, called the proposal “shocking, disruptive and unilateral” and a breach of Redford’s promise not to increase taxes.

Simon Dyer, policy director at Alberta’s Pembina Institute, said the 40/40 plan would mark a “substantial strengthening” of Alberta’s environmental laws.

“Clearly this is high stakes as it relates to concern in the U.S. about our climate policy,” he said. “Time is of the essence.”

Dyer said his independent organization has not been consulted on the proposal, unlike previous environmental initiatives, and “would appreciate the opportunity to learn more about the specifics.”

The Canadian government has declined to comment on the nature or status of the talks with Alberta, but Kent said in February that the administration of Prime Minister Stephen Harper had been in talks with the province, two oil and gas industry lobby groups and three oil sands producers — Suncor Energy, Cenovus Energy and Canadian Natural Resources — and was “very close” to finalizing GHGs for the petroleum sector. An official in Kent’s office said it is premature to disclose any numbers.

No comment from CAPP

The Canadian Association of Petroleum Producers, representing companies producing more than 90 percent of Canada’s oil and gas, declined to comment on any aspect of the latest negotiations.

But, according to provincial sources, CAPP has previously suggested Alberta adopt a 20/20 plan — a 20 percent reduction in per barrel GHGs and a C\$20 per metric ton penalty for those unable to comply.

Internal Alberta strategy objectives make it clear that the province now believes it has no choice but to adopt

more stringent emission targets and penalties as it works to convince others of its commitment to the environment.

That points to a considerable gap between industry and government, with industry officials arguing that a hike in the carbon levy could impair their competitiveness.

Environmentalists estimate the Canadian and Alberta governments would have to impose a levy of C\$100 per metric ton to provide an effective emissions regime that would allow Canada to meet its climate change commitments.

UBS analyst Chad Friess said that even a 40 percent GHG reduction from current levels is a “fantasy,” but doubted that a C\$40 penalty would drive the oil sands out of business.

FirstEnergy Capital estimated the 40/40 plan would cost some oil sands producers about 60 cents per barrel after tax.

If that helped obtain U.S. approval for Keystone XL “we would view such a trade-off (slightly higher costs vs. much more security regarding heavy oil differentials and thus revenues in the long term) as a net positive for oil sands producers. But that small number may mask a larger impact: For some projects, it’s enough to cut the net present value by 15 percent, although most would face a more modest 2-to-3 percent reduction.” ●

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