



page 4 PetroShale picks up Continental interest in NE McKenzie Co. wells



Pipeline would boost capacity for Bakken gas production

MDU Resources, through its WBI Energy subsidiary, is looking to expand its natural gas pipeline network with a major new common carrier that would provide badly needed additional capacity for growing Bakken gas production.

The proposed 400-mile pipeline would stretch from about 20 miles southwest of Williston, N.D., to an interconnection with Viking Gas Transmission northeast of Moorhead, Minn.

"It's exciting to think that the proposed pipeline could provide a new transportation route to bring Bakken-produced natural gas directly to industrial customers and commercial and residential utility customers in eastern North Dakota," said David L. Goodin, president and chief executive officer of MDU Resources.

Through interconnecting pipelines, the proposed line could also serve Minnesota, Wisconsin and Midwest U.S. markets.

The majority of the proposed system would consist of a 24-

see PIPELINE NETWORK page 16

Fraser Institute studies Bakken's role in shifting energy security

With the global energy center of gravity shifting to North America from the Middle East — and the Bakken representing a focal point — Canada's oil and natural gas wealth will continue to diminish unless export pipelines get built, said a new study by the conservative Fraser Institute.

The think tank said that for Canada to "realize the economic benefits of increased energy development, we must be able to access diverse markets. Pipelines like Keystone XL and Northern Gateway are a critical piece of that."

Kenneth Green, the institute's senior director, energy and natural resources and co-author of Risks to Canada's Energy

see FRASER STUDY page 15

QEP reports new South Antelope IPs; 11 Fort Berthold wells online

In a June 3 operations update, QEP Resources reported that two Bakken formation wells on the company's first four-well pad in its South Antelope acreage in eastern McKenzie County came in with an average 24-hour initial production of 4,174 barrels of oil equivalent per day. The average for all four wells on the pad was 3,598 boepd. QEP also reported an average 24-hour IP of 2,379 boepd for four new Bakken and five new Three Forks wells on two company-operated pads on the Fort Berthold Indian Reservation.



QEP also says it is moving a fifth company-operated drill

see QEP UPDATE page 15

COMPANY UPDATE

Kodiak expanding

Putting out \$660M for another 5,700 boe/d, 42,000 net acres nearby

By RAY TYSON

Petroleum News Bakken

Growth-minded Kodiak Oil & Gas Corp. would see a significant bump in its Williston Basin acreage and production under a purchase and sales agreement reached with Liberty Resources, a small private E&P company, also based in Denver, Colo.

Kodiak would pay Liberty \$660 million in cash for the assets — about 5,700 barrels of oil equivalent production per day and 42,000 net acres in North Dakota's Bakken-rich Williams and McKenzie counties.



LYNN PETERSON

"The proposed acquisition's characteristics adhere to our stated strategy of identifying and acquiring reduced-risk, contiguous leasehold in our immediate core areas," said Lynn Peterson, Kodiak's chairman and chief executive officer.

The acquisition, announced June 3, would push Kodiak's land position by 27 percent to 196,000 acres from 154,000 acres, and would boost production by 23 percent to about 30,000 boepd from 24,300 boepd.

The acquired leasehold includes 35 controlled

see KODIAK EXPANDING page 14

LAND & LEASING

Bakken land holds status

Canada E&P companies hang onto popular Bakken petroleum system acreage

By GARY PARK

For Petroleum News Bakken

The Canada-based E&P companies that feed off the Bakken petroleum system appear to be holding tight to their land holdings despite the pressure on some to sell assets and strengthen their financial position.

An industry survey of undeveloped properties in Canada, although it did not provide a detailed breakdown of Bakken-related land, shows that most of the companies added to their portfolios in 2012.

Easily leading the way was Crescent Point Energy, which raised its gross interests to 3 million acres (2.69 million net) from 2.72 million gross

Overall, undeveloped land holdings in Canada rose by 3.18 million gross acres in 2012 to 224 million acres, with net stakes increasing by 5.57 million acres to 154.86 million acres.

and 2.34 million net at the end of 2011.

Fast-emerging Painted Pony Petroleum, which is heavily focused on southeastern Saskatchewan, increased its prospects to 325,663 gross acres (241,174 net) from 303,655 gross (208,311).

Lightstream Resources (formerly PetroBakken) trimmed some of its gross positions to 1.156 mil-

see LAND HOLDINGS page 15

LAND & LEASING

Speculators in Montana

June DNRC auction acreage more than doubles, but prices fall below average

By MIKE ELLERD

For Petroleum News Bakken

The focus of interest during the Montana Department of Natural Resources and Conservation Minerals Management Division's quarterly oil and gas lease auction June 4 shifted away from areas of more proven oil and gas production in eastern Montana and toward more speculative areas of the state.

Of the 29,355 acres leased in the June auction in Helena, most are in the central areas of the state where the largest acreages leased were in Meagher (8,653 acres), Musselshell (4,637 acres), Cascade (3,758 acres), Gallatin (2,080) and Glacier (1,560 acres) counties. The only acreages leased in eastern Montana counties were in Dawson (1,275 acres), Richland (920 acres) and

"Tracts in the Bakken and Cedar Creek Anticline areas continued to generate strong interest. However, the majority of tracts on the June sale were scattered in more speculative areas of the state, which is reflected in the sale results."

—Monte Mason, DNRC Minerals Management Division

Wibaux (480 acres). Other acreages leased during the June auction were in Hill and Toole counties, located in far northern Montana, Fergus County in central Montana, and in Park and Big Horn counties in southern Montana.

"Tracts in the Bakken and Cedar Creek Anticline areas continued to generate strong inter-

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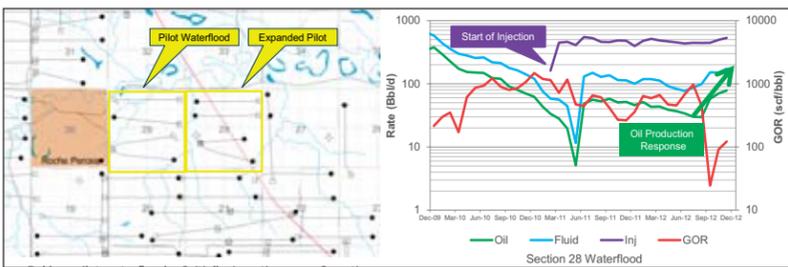
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● GEOLOGY & ECONOMICS

Quantifying the Heath oil play

Lack of pressure among challenges facing operators in central Montana tight oil play, which lies under Tyler sandstone at about 3,500 feet

By **MIKE ELLERD**

For Petroleum News Bakken

While the Heath tight oil play in central Montana has received its share of attention in the last few years, the play has yet to prove economic. Conventional, vertical exploration in the Heath dates back to the mid-1980s, and more recently several operators have been drilling modern horizontal wells, but with apparently limited success based simply on the current lack of activity. Still, five of the six wells drilled last, in 2012, had the best results to date.

Although the jury may officially still be out, Petroleum News Bakken decided to take a closer look at the Heath in an attempt to better assess the prospects of the play. The approach was to look at what has been done strictly in terms of horizontal exploration and production in the play over the last four years by taking a more quantitative look at available exploration and production data. Several people familiar with the play were contacted to provide some insight beyond what the data indicate.

In short, it was found that drilling activity in the play since 2009 has actually been somewhat limited, and production results from what activity there has been is spotty. What the play holds in the future remains to be seen, but from what Petroleum News Bakken found, the play has several significant challenges.

The formation

The Heath formation is part of the Big Snowy Group that overlies the Madison Group in central Montana. The Heath is a late Mississippian, organic-rich shale and limestone formation lying at a depth of approximately 3,500 feet and ranging in thickness from 200 to 300 feet. The Tyler sandstone formation overlies the Heath formation. Occasionally the Heath is referred to as the Heath-Tyler formation.

According to a report prepared by Great Northern Gas Company in 2009, the Heath formation is dominated by organic-rich black shale and an organic-rich limestone known as the Heath or Van Dusen limestone. According to the report, this limestone is generally 50 feet to 75 feet thick, and is composed of thinly bedded, petroliferous limestones, dolomites and shales. Great Northern says the Heath limestone is considered the primary source rock interval in the formation and was, at the time of the report, the proposed target for horizontal drilling.

The Montana Bureau of Mines and Geology identifies two key members of the Heath formation. First is a middle carbonate member consisting of thin limestones and dolomites that is up to 40 feet thick. That middle carbonate member overlies what the bureau refers to as a “hot” shale known as the Cox Ranch member. That “hot” shale ranges in thickness from 10 feet to 60 feet with high organic content.

The Heath prospect extends across northern Rosebud and southern Garfield counties and west across portions of Petroleum and Musselshell counties then into the eastern portions of Golden Valley and Fergus counties.

Exploration of the Heath dates back to 1919 when Van Dusen Oil discovered oil in the Devil’s Basin field of the Heath in Musselshell County, but it wasn’t until the mid-1980s that the play was actively explored with conventional exploration beginning in the Devil’s Pocket field in

“If I had to put one thing in central Montana into my opinion, it’s probably the lack of significant overpressure, and it hinders production.” — Jim Halvorson, Montana Board of Oil and Gas Conservation

Musselshell and Golden Valley counties. Horizontal exploration, however, only began in the last few years and focused on Musselshell, Petroleum and Rosebud counties with some additional exploration in Garfield.

Montana Board of Oil and Gas Conservation data

Data on oil production in Montana is maintained by the Montana Board of Oil and Gas Conservation, a division of the Montana Department of Natural Resources

and Conservation.

Going back through 2009, which is as far back as the board has hearing dockets posted on its website, Petroleum News Bakken found a total of 109 applications filed with the agency to drill horizontal oil wells in the Heath formation. Most of those applications, 73, were filed in 2012, followed by 29 filed in 2011. Six applications were filed in 2010, none in 2009, and one has been filed in 2013 and is on the board’s June hearing docket with hearings scheduled for June 5 and 6.

Leading in total Heath applications is Cirque Resources LP with a total of 35 applications. Fidelity Exploration and Central Montana Resources, CMR, tie for second place with 33 applications each. True Oil LLC filed six applications in 2011, Cabot Oil and Gas Corp. filed one application in 2010, and Onshore Holdings LLC has filed the most recent application

seeking to drill a horizontal well in the Heath or Bear Gulch Member of the Tyler formation in Musselshell County.

Petroleum News Bakken then looked at the total number of wells that have actually been drilled in the Heath formation since 2009. No wells drilled by Cabot Oil and Gas were found, nor were any found that were drilled by True Oil in the Heath. CMR was found to have drilled 10 Heath wells, Fidelity has drilled five, and Cirque has drilled four, for a total of 19 horizontal wells drilled in the Heath formation since 2009, all of which were completed in either 2011 or 2012.

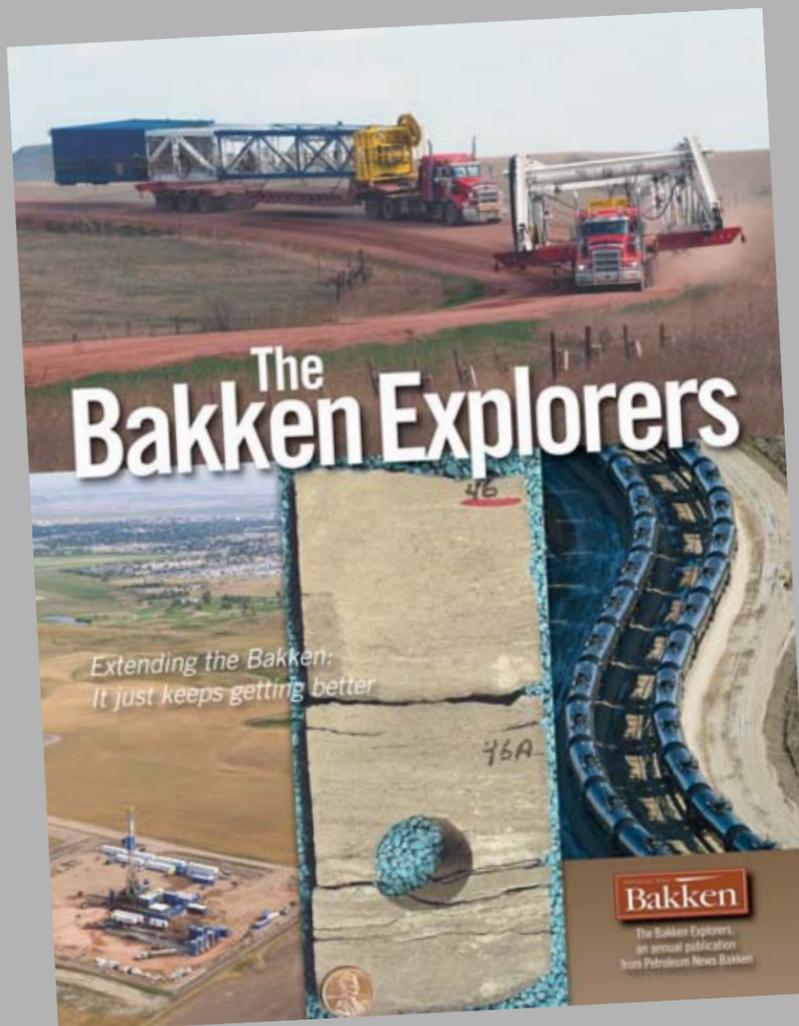
What did the wells produce?

Of the 19 Heath formation wells drilled and completed by CMR, Fidelity and Cirque since 2011, only five are currently producing — four of Fidelity’s wells and

see **HEATH FORMATION** page 5

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● MERGERS & ACQUISITIONS

PetroShale picks up Continental interest

By MIKE ELLERD

For Petroleum News Bakken

PetroShale Inc. recently increased its Williston Basin holdings by adding 105 net acres and a working interest in 11 producing wells operated by Continental Resources in the northeast corner of McKenzie County along Lake Sakakawea bordering Mountrail County. In a May 22 press release, PetroShale Inc., which is the parent company of its wholly owned subsidiary Denver-based PetroShale (US), said the purchase price of the acquisition was \$2.5 million.

"This transaction illustrates our current strategy of purchasing non-operated interests in prime locations with strong near term drilling activity and economics," Evan Genaud, chief executive officer of PetroShale Inc., said in the press release. "Lease holders are feeling the financial pressures associated with the new paradigm of high well counts per drilling pad in the Williston Basin. We are able to help current owners monetize their assets while building a quality resource portfolio for PetroShale shareholders."



JOHN FAIR

Middle Bakken, Three Forks

John Fair, PetroShale (US) president, told Petroleum News Bakken that the acreage has excellent results in both the Middle Bakken and the Three Forks formations. Fair says that PetroShale has a 2.5 percent interest in Continental's Angus 2-9H2 well, which is a second bench Three Forks confidential well in the Elm Tree field. The well produced 67,000 barrels of oil equivalent in the first 60 days of production, Fair said, adding that PetroShale will be releasing results on seven of those 11 wells in a matter of weeks. The remaining four wells are still on confidential status.

Two other wells on the same pad as the

"This transaction illustrates our current strategy of purchasing non-operated interests in prime locations with strong near term drilling activity and economics."

—Evan Genaud, PetroShale Inc. CEO

Angus 2-9H2 are the Angus 1-9H and the Angus 3-9H, which are Middle Bakken and Three Forks wells, respectively. According to North Dakota Industrial Commission records, the Angus 1-9H had a 24-hour initial production of 329 barrels of oil, and the Angus 3-9H had a 24-hour IP of 487 barrels of oil.

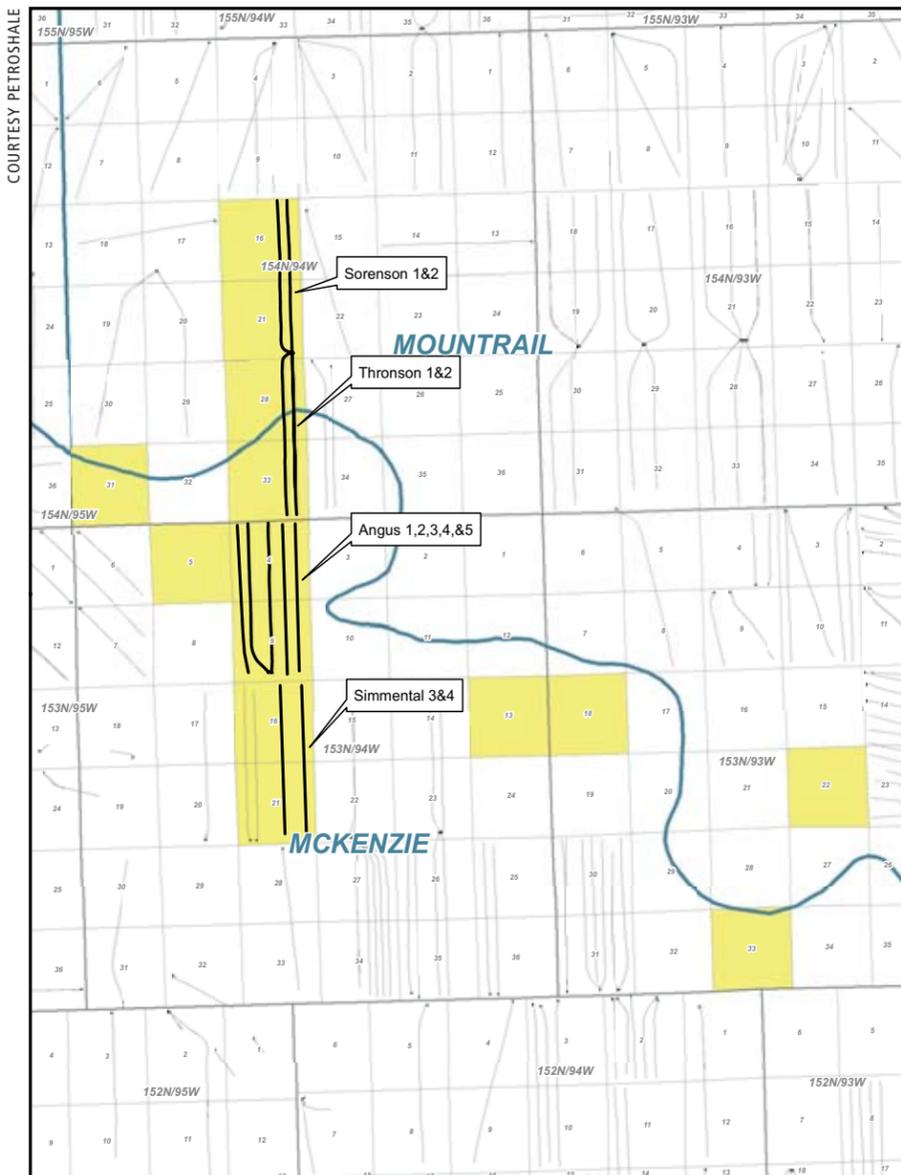
Since going on production in February, the Angus 1-9H has been pumping for a total of 67 days and has yielded a total of 50,871 barrels of oil, for an average of 759 bpd. The Angus 309H well has been pumping for 70 days total since it went on production, also in February, and has produced 49,460 barrels of oil, for an average of approximately 707 bpd.

The Angus 1-9H has produced approximately 82.9 million cubic feet of gas through April, and the Angus 3-9H has produced approximately 67.6 million cubic feet of gas. Both wells are connected to gas sales.

PetroShale has interests in eight drill spacing units in which 11 wells were recently drilled and completed. There are an additional 10 permitted well locations from a total of 45 gross drilling locations in the area. PetroShale's interest in the 11 new wells varies from 0.6 to 2.5 percent. The \$2.5 million deal included \$1.05 million for the actual acquisition plus costs for the 11 wells.

Genaud said in the press release that PetroShale's current net production from seven of the 11 wells is approximately 60 barrels per day and that production is 86 percent liquids. ●

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Contact Kay Cashman at publisher@petroleumnews.com or 907.561.7517



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HEATH FORMATION

one of Cirque's wells. All of the remaining 14 Heath wells are listed as shut-in, abandoned or dry. Nearly all 19 wells produced some oil but all, except the five that are still producing, exhibited sharp production declines.

All five of Fidelity's wells are in northern Rosebud County. The company's Kincheloe 11-23H well went on production in July 2012 and produced a total of 2,598 barrels of oil through November 2012, but that well has since been shut in. The Kincheloe produced 1,134 barrels of oil during 20 days of operation in July 2012, i.e., days that the operator reported a well was actually pumping for some period of time during the day. Thus the Kincheloe had a rate of 57 barrels of oil per day, but production quickly declined, and it produced only 40 barrels in nine days of production in November 2012 for a final rate of 4.4 bopd.

The best of Fidelity's four remaining wells is the Schmidt 44-27H, which has produced a total of 26,041 barrels of oil over 335 producing days for an operated daily average of 77.73 bopd. Fidelity's Coffee 31-2H has produced 18,394 barrels over 243 producing days since going on production in August 2012 for an operated daily average 75.70 bopd. The Grebe 31-33H well has similar results producing a total 17,799 barrels over a total of 224 producing days since going on production in September 2012 for an operated daily average of 79.46 bopd. The fourth producing Fidelity well is the 71 Ranch 44-1H, which went on production in October 2012 and has since yielded 5,936 barrels over 181 producing days for an operated average of 32.80 bopd.

Combined, Fidelity's five Heath wells have produced a total of 70,768 barrels over a total of 1,098 operating days since March 2012, for an average production of 64.45 bopd per well.

Cirque Resources' wells

The one producing Cirque well is the Rock Happy 33-3H-2, also in Rosebud County. Since going on production in November 2011, that well has produced a total of 34,310 barrels of oil over 371 producing days for an operated daily average of 92.48 bopd. This is the highest producing well of all of the Heath wells that Petroleum News Bakken found in the Montana board's database.

Two other Cirque wells, the Hit Parade 31-3H and the Lucky Strike 10-4H, in Musselshell and Garfield counties, respectively, are both shut-in, but they produced totals of 3,495 and 4,185 barrels, respectively, and had operated daily averages of 19.97 and 24.75 bopd, respectively. The fourth Cirque well is the Rock Happy 33-3H, which is listed as abandoned by the Montana board but did produce a total of 1,003 barrels over six days of operation in January 2012.

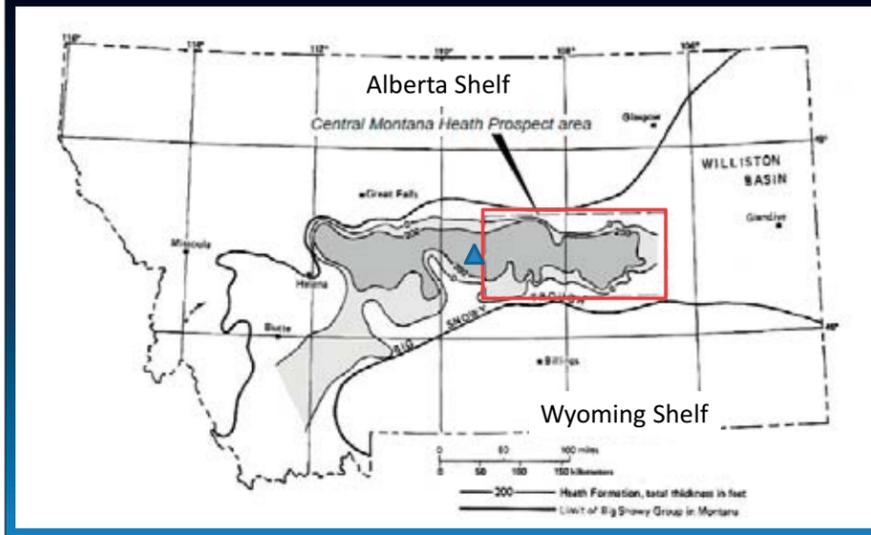
Collectively, Cirque's four wells have produced a total of 42,993 barrels over a total of 721 operating days for an average of 59.63 bopd per well.

Central Montana Resources

All 10 of CMR's wells are in Petroleum County, and all were tested between February 2011 and May 2012. One well produced no oil at all, another produced only one barrel and still another produced only eight barrels. Total oil production from the remaining seven wells ranged from 176 barrels to 2,286 barrels, and average operated daily production in those seven wells ranged from 1.62 to 6.13 bopd. According to board records, no CMR wells have produced since September 2012. In total, the

Heath Formation

Depth: 0 to 5000'
Some in Judith Basin



"You're drilling in the Heath and all of a sudden you're out of the Heath. All of a sudden you're out 200 feet and you don't know where to go. Do you go up? Do you go down? Do you do back up and do an open-hole side-track?"

—Tom Hauptman, KGH Operating Co.

10 CMR wells produced 5,527 barrels over 2,299 operating days for an overall average of 2.40 bopd per well.

All together, the production data that Petroleum News Bakken evaluated from the Montana board's data base indicated that 19 Heath wells produced a total of 119,228 barrels over a total of 4,118 days of operation for an operated average daily production of 28.97 bopd per well.

What's the problem?

Montana board geologist Jim Halvorson has heard about drilling problems due to rock stability issues, but Halvorson believes the biggest problem in developing the Heath is the lack of over-pressure.

"You're not as deep and you're not as hot, and you probably didn't generate as much oil, and sometimes the source is actually thinner," Halvorson told Petroleum News Bakken. He said there wasn't evidence of over-pressurization in central Montana from the early vertical wells, and if the goal is to try to get oil to move out of

tight rock, he believes that over-pressure is significant.

"I think you've got oil in the system, but figuring out a way to get that oil to move out of tight rock into the well bore is the issue," Halvorson said. "You can frack and access the oil that you're in contact with after the frack, but then getting any significant volume to move out of the rock into your fracture system is going to be impeded with lower pressures."

That may be an oversimplification, Halvorson said, but added that he is seeing more and more reference to pressurization as the problem with the Heath. "If I had to put one thing in central Montana into my opinion, it's probably the lack of significant overpressure, and it hinders production."

An independent producer's view

Tom Hauptman is an independent oil and gas producer with more than 35 years of experience based in Billings, Mont., and is the owner of KGH Operating Co. Hauptman told Petroleum News Bakken that while he personally has no direct experience in the Heath, he knows there have been a number of companies that have been exploring the play but with limited success. Hauptman believes a lot of people, he included, believe there is oil in the Heath, but he said the technology simply doesn't exist to efficiently extract the oil.

"The Heath presents a multitude of challenges compared to the Bakken," Hauptman said. First, the Bakken, at

between 11,000 and 13,000 feet, is much deeper than the Heath and is highly over-pressured with the energy necessary to move the oil to the surface. The Heath, on the other hand, is shallow and under-pressured, "so you're not getting Mother Nature to try and help you push it out."

The other challenge, according to Hauptman, is the rock itself. "The Bakken is like tombstone and you can drill through it with no problem at all ... because it's competent rock." But the geology of central Montana has been "up and down geologically many, many times," Hauptman added, and as a result the Heath Shale is highly faulted. That faulting, he said, presents serious problems for drillers.

"You're drilling in the Heath and all of a sudden you're out of the Heath. All of a sudden you're out 200 feet and you don't know where to go. Do you go up? Do you go down? Do you do back up and do an open-hole side-track? These are all expensive things to do. This high-tech stuff is not cheap. I have first-hand knowledge of this. When you have those kinds of problems, suddenly your \$5 million or \$6 million authorization for expenditure is \$8 million to \$10 million." When that happens, Hauptman continued, the number of barrels necessary to reach breakeven increases significantly.

A third challenge, according to Hauptman, is that there isn't the competent rock in the Heath like there is in the Bakken, which, he said, causes serious drilling problems. "As you're drilling it caves in behind you and you get your bit stuck, and you can't get out of the hole so then you lose your whole drill string. These are the nightmares they've had out there. They don't have that problem in the Bakken," he noted. "The Bakken's just pretty much wellbore manufacturing cookie cutter. The Heath's just not that way."

But Hauptman firmly believes the Heath has oil. "There's no question the oil is there. It's a question of how does one get it out of the ground economically. That's just the nature of the beast."

And it is not unusual in the infancy of an oil play to have less-than-stellar well results. According to Lynn Helms, director of North Dakota's Department of Minerals, "Things were very slow in the Bakken play for about two years until they cracked the code." ●

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● COMPANY UPDATE

WSJ: Occidental plans to restructure

By MIKE ELLERD

For Petroleum News Bakken

During a UBS Securities conference in Austin, Texas, on May 22, Occidental Petroleum President and Chief Executive Officer Stephen Chazen told investors that the Los Angeles-based global independent is considering restructuring into three separate companies. One will focus on the company's overseas operations; another will focus on the company's Permian Basin operations in Texas and New Mexico; and a third on the company's other domestic operations, which include California, Colorado, Kansas, Oklahoma and the Bakken in North Dakota.

That according to the Wall Street Journal, which on May 23 reported Chazen as also saying that in order to downsize and add greater value to the company, Occidental is considering selling assets, possibly including onshore and offshore projects in Qatar and Oman.

While access to the UBS conference was available via webcast, some presenters, including Occidental, opted not to

participate in the webcast. As a result, there is no transcript of Chazen's comments. The Wall Street Journal, however, acquired information on Chazen's comments from UBS analysts. An investor who attended the conference confirmed Chazen's comments with the newspaper.

"In our view, Mr. Chazen's commentary clearly implied that any restructuring strategy would likely focus on larger-scale restructurings with potential to 'move the needle' in terms of valuation," the Wall Street Journal reported UBS saying in a note to investors. According to the newspaper, Occidental declined to comment on Chazen's remarks.

Focus on domestic production

Slides from Chazen's presentation are available on Occidental's website, but there is no mention of restructuring plans in those slides. The slides do indicate that the company is focused on growing its U.S. oil production, further reducing operating costs and increasing drilling efficiencies.

Occidental's May 22 UBS conference slides also identify Occidental's core areas, and in the U.S., California and the Permian

Basin are indicated as core areas whereas operations in North Dakota as well as Colorado, Kansas and Oklahoma are not. The slides also indicate that Qatar is a core area, although according to the Wall Street Journal, the company may be considering selling projects in Qatar.

As of the end of March, Occidental ranked 16th among North Dakota oil producers averaging 15,108.1 barrels of oil per day according to North Dakota Industrial Commission records. Because NDIC only processes data from wells that are operated by each producer, not included in that number would be wells operated by other companies in which Occidental has an interest, or oil from Occidental-operated wells that belong, in part, to other companies.

Occidental's Bakken production comes from fields in Burke, Dunn and Billings counties.

The company reports holding approximately in 341,000 net acres in the Williston Basin. ●

Contact Mike Ellerd
at mellerd@bresnan.net

On the web



See previous Petroleum News Bakken coverage of Occidental Petroleum:

"Oil Patch Bits: Oxy elects career diplomat as chairman" in the May 12, 2013, issue at www.petroleumnewsbakken.com/pnads/795760539.shtml

"People Talk: Oxy leadership sets record straight" in the May 5, 2013, issue at www.petroleumnewsbakken.com/pnads/638124839.shtml

"Ten quarters of record output" in the May 5, 2013, issue at www.petroleumnewsbakken.com/pnads/33645295.shtml

"Oxy's Williston Basin unit absorbed by Mid-Continent" in the Dec. 2, 2012, issue at www.petroleumnewsbakken.com/pnads/14139024.shtml

"Occidental reducing Bakken rig count until service costs come down" in the June 2, 2012, issue at www.petroleumnewsbakken.com/pnads/155161581.shtml

● PEOPLE TALK

PetroShale appoints specialist as CFO

Oil and gas industry antes \$10M for Oklahoma tornado recovery; Crescent Points re-elects seven directors, approves board expansion

By ROSE RAGSDALE

For Petroleum News Bakken

PetroShale Inc. has appointed Tristan R. Farel as its chief financial officer, making official the position that the accountant has held on an acting basis since 2012.

Farel, 43, has more than 11 years of experience in the oil and gas industry, including five years as an auditor for Hein & Associates LLP where he provided services for both public and private oil and gas companies, three years with Resolute

Energy Corp. as financial reporting manager where he played an instrumental role in a "going public" transaction, which was successfully completed in 2009 through a merger with a special-purpose acquisition company valued at \$582 million. He has significant experience with Securities Exchange Commission and International Financial Reporting Standards disclosure and reporting requirements, financial modeling, fair value accounting, share-based payment arrangements, derivative instruments, initial and secondary securities offerings, and mergers and acquisitions.

Farel, who holds a bachelor's degree in accounting from the University of Colorado at Boulder, also worked three years as a consultant to both private and public oil companies in the United States, Canada, and Australia.

"Mr. Farel has extensive experience with public oil and gas E&P accounting and reporting in the U.S. and Canada. His expertise and systems implementation will facilitate our ability to grow the company while ensuring account-

ing and reporting best practices," PetroShale President John Fair said, announcing the promotion May 30.

Farel is president of Pivot Accounting LLC, a specialty accounting firm focused on providing accounting and reporting services to both private and public E&P companies. PetroShale has contracted with Pivot to provide full accounting services for the company.

Industry antes \$10M for tornado recovery

CONTINENTAL RESOURCES INC., one of the largest operators in the Bakken, is leading an impressive oil and gas industry charge to aid recovery efforts in the wake of two days of devastating tornadoes in central Oklahoma in May.

Continental CEO Harold Hamm, whose company donated \$1 million in recovery aid to the Red Cross and committed another \$1.5 million as needed to assist disaster relief May 21, is no stranger to the twisters that plague Oklahoma's Tornado Alley. He grew up in a farming community not far from Moore, Okla., where a deadly EF5 tornado carved a swath of destruction 17 miles long and two miles wide May 20, taking 24 lives including seven children.

Moore is only a few miles from Continental's headquarters in Oklahoma City.

"Oklahomans have a history of standing tall. Everybody lifts their share of the load. We're standing

together with other Oklahomans affected by this tragedy. This is our home," Hamm said in announcing the contributions.

In less than two days, the oil and gas industry committed more than \$10.1 million, along with equipment and their employees' time, to the recovery effort.

Companies with Oklahoma headquarters — Chesapeake Energy Corp., Koch Industries Inc. and Devon Energy Corp. — along with ConocoPhillips and Phillips 66 Co., which got their start in Oklahoma, each pledged \$1 million to the relief effort. The OGE Energy Corp. Foundation also committed \$500,000.

Houston, Texas-based Chevron Corp., Exxon Mobil Corp. and Apache Corp. added \$500,000 each to the pot, while San Antonio-based Valero Energy Corp. donated \$100,000.

Crescent Points elects 7 directors

Crescent Point Energy Corp. shareholders elected seven directors to the company's board, with about 188 million shares, or 49 percent, of its outstanding common shares voted in person or by proxy. Six of the directors, Chairman Peter Bannister, Paul Colborne, Ken Cugnet, Hugh Gillard, Gerald Romanzin and President and CEO Scott Saxberg won at least 92 percent, while Greg Turnbull won re-election with about 74 percent of the votes. Crescent Point shareholders also approved increasing the Calgary, Alberta-based independent's maximum number of directors to 11 from seven. ●

Contact Rose Ragsdale at roserragsdale@gmail.com

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COMPANY UPDATE

Waterflooding Legacy's growth engine

By GARY PARK

For Petroleum News Bakken

A Bakken waterflood pilot project in an area of Saskatchewan that was viewed as "dead and forgotten" is developing into a prosperous venture for Calgary-based Legacy Oil + Gas, Chief Executive Officer Trent Yanko told the company's annual meeting.

He said the asset at Heward has been turned around with pressurization, raising production by 360 percent.

Yanko said Legacy will shortly moving ahead with an expansion from one section to four.

At Taylorton in Saskatchewan waterflood injection into the Bakken has also proved quite commercially viable, with production increases of 260 to 370 percent from before pressurization, he said.

In addition, in the province's Frys/Antler area, the Bakken formation's low-drive energy means that the quick initial decline of wells also allows waterflooding that was started six months ago to play an important role.

He said that adjacent to the Legacy properties a "very large waterflood" covering 33 sections has "worked tremendously well."

"We modeled that pool and we've done our own internal work and we see the ability to ... probably triple the recovery factor in this field.

"There's over 2 million barrels in place on our lands and we're looking to see the recovery factor go to 25-30 percent with waterflood," Yanko forecast.

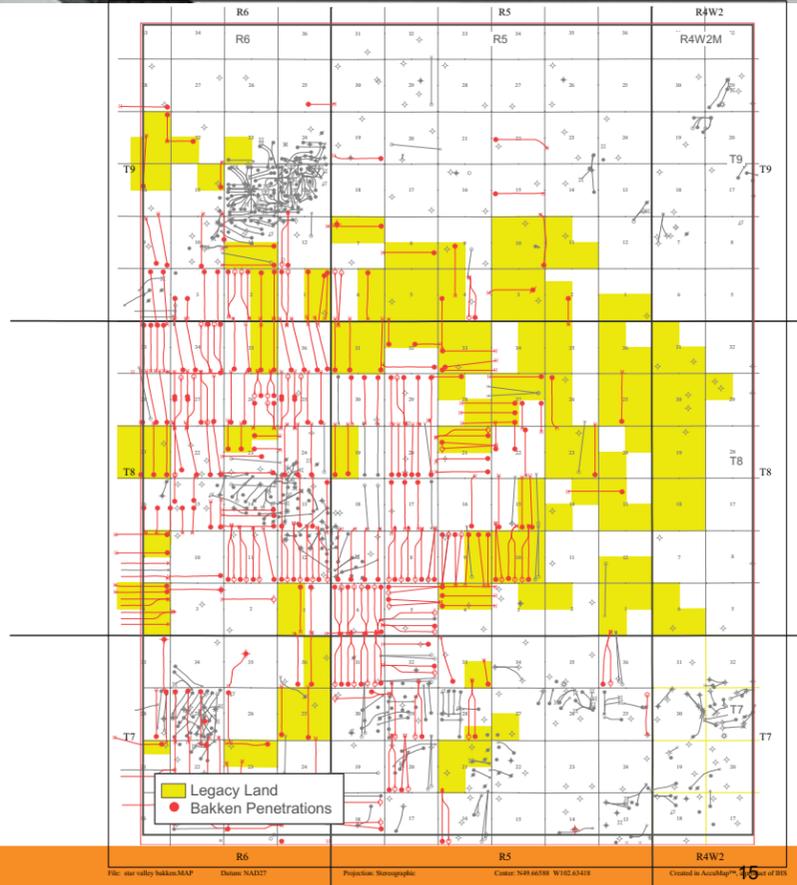
Other waterflood prospects

Also being geared for waterflooding are Legacy's Spearfish assets at Pierson, Manitoba, and North Dakota, where a pilot project is scheduled to start by late summer, backed by C\$75 million of planned spending to develop wells, he said.

He said Spearfish can be brought quickly into production because of "relatively



- Bakken production is high netback, liquids rich, light oil
 - Evolution in completion design expanded play 12 miles east
 - Area originally deemed too thin or wet Lodgepole too close to Bakken
 - Legacy was a leader in the completion design that unlocked the area
- Step out wells to be drilled in 2013
 - Success would expand the play another 3 miles east
 - Potential for a significant number of unbooked locations
- Pilot waterflood under evaluation



shallow, inexpensive" wells. Yanko said more than 400 net locations in the pay are not yet booked for engineering, "so there is a lot more potential of adding value as we continue to delineate and down space this field."

He described Spearfish as "kind of a case study in what Legacy does. It was an area that is an emerging resource play, we were able to come in and apply our expertise, improve the results dramatically not only on a production basis but on a reserve basis.

"We've got the costs down compared to the previous operator and we're out there

now in the manufacturing mode doing the day-in and day-out, continuing to bring in the great results."

Yanko said Legacy expects light oil will average about 90 percent of its production of 15,310 barrels per day of oil and natural

gas liquids in the first quarter (up 1,095 bpd from a year earlier) and natural gas output of 12.8 million cubic feet per day (down about 1 percent).

see WATERFLOOD PROJECT page 8

MOVING HYDROCARBONS

Crude-by-rail sets new high

United States railroads set a new benchmark in the first quarter by shipping 97,135 carloads of crude oil, up 20 percent from the final quarter of 2012 and 166 percent from a year earlier.

In releasing the figures, the Association of American Railroads, AAR, said crude shipments "have skyrocketed in recent years due to the flexibility and other advantages that moving crude by rail offers."

The interest has been spurred by the rapid growth in stranded shale oil production, pending new pipelines.

The U.S. Energy Information Administration estimates that over the 2009-19 period domestic tight oil output will gain about 2.6 million bpd.

AAR said that assuming each rail tank car holds about 30,000 gallons or 714 barrels of crude, the latest quarter involved the shipment of an average 762,000 bpd.

"As a point of reference, according to EIA data, total domestic crude oil production in the first quarter of 2013 was approximately 7.1 million bpd, so the rail share is around 11 percent — up from a negligible percentage a few years ago," the AAR said.

The associated noted that major U.S. railroads originated 9,500 carloads of crude in 2008 and soared to 234,000 carloads in 2012.

It now expects another big jump in 2013 and, even as new pipelines are brought on stream, rail should remain competitive due to safety records and flexibility of delivery.

In its weekly report, the AAR said U.S. rail carloads of petroleum and petroleum products to May 25 increased 28.7 percent over a year earlier, although the total of 13,587 carloads was down 966 carloads from the previous week.

In the first 21 weeks of this year, petroleum product carloads rose 51.8 percent to 287,281 carloads compared with the same period of 2012.

But AAR said U.S. railroads reported a year-over-year drop of 3.3 percent in total carloads during the week ended May 25.

Meanwhile, Canadian railroads reported carloads during the same week of 76,567, up 12.9 percent.

—GARY PARK

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continued from page 7

WATERFLOOD PROJECT

He said the operating netback for the quarter was about C\$47 per barrel of oil equivalent.

Yanko said the key for the company is its ability to select new inventory based largely on the potential for waterflood recovery, which extends the profitability of wells and long-term prosperity.

“When we put these assets in place, we look for the drilling inventory and the downspace inventory, but also the waterflood potential ... because once the wells are drilled, if there’s nothing left to do there, you go into a long, terminal decline,” he said.

Reserve life more than 14 years

Legacy Chairman Paul Colborne told the meeting the company has been able to grow its reserves life index to more than 14 years, while building output to a projected 21,000 boe per day by the end of 2013 from 300 boe per day four years ago, while adding more than 2,000 net light oil development drilling locations.

Yanko said that following the start of flooding two years ago it has been able to “string a number of successful operational quarters and financial quarters together, building on the value creation with the assets we’ve been able to put together (from) both resource plays and conventional plays.”

In the latest quarter, Legacy drilled 43 (34.8 net) light oil wells, with 98 percent success, including 14 (11 net) Spearfish horizontal wells in the Pierson and Bottineau County areas.

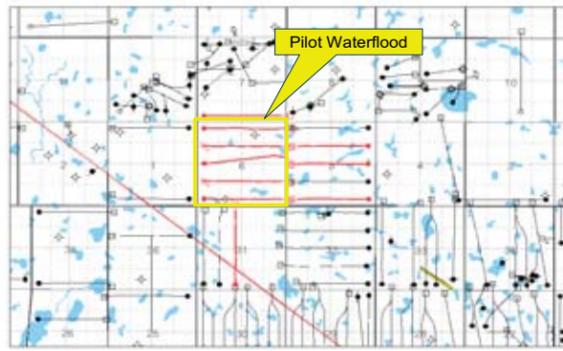
In North Dakota it drilled a stratigraphic, horizontal well at the southern end of the company’s lands. Core analysis confirms net pay of about 37 feet, porosity of 14.7 percent and original oil-in-place of 12 million barrels per section.

The company said it has identified 230 net locations on the northern portion of its Bottineau lands, with about 92 percent unbooked.

Two successful step-out wells were drilled at Pearson, Manitoba, extending the boundaries of the Spearfish play and work is advancing on defining a number of Alida 3-D seismic anomalies that underlie the play. Legacy hopes to test one of the features this year. ●

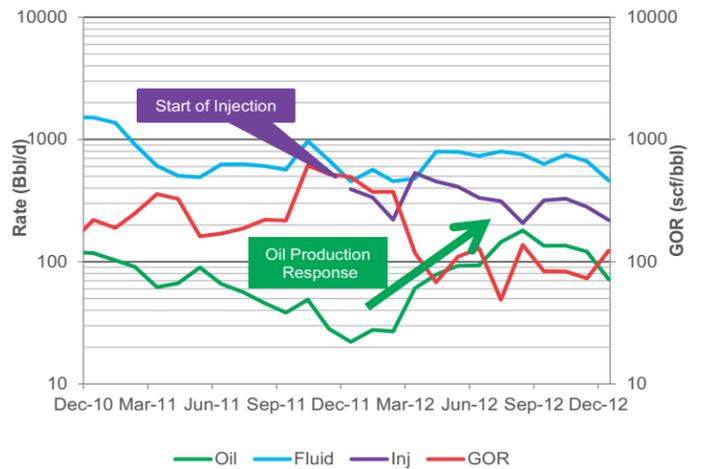
Contact Gary Park through publisher@petroleumnews.com

Heward – Waterflood Response

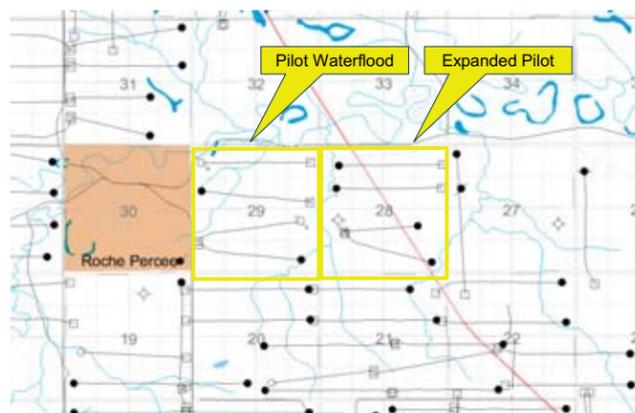


- ▶ Results seen within two months of injection
 - GOR decrease
 - Rapid oil production response – **3.6X** increase from prior to injection
 - Increasing fluid rates and oil cuts
 - Wells outside of pattern have responded - pressure maintenance is working

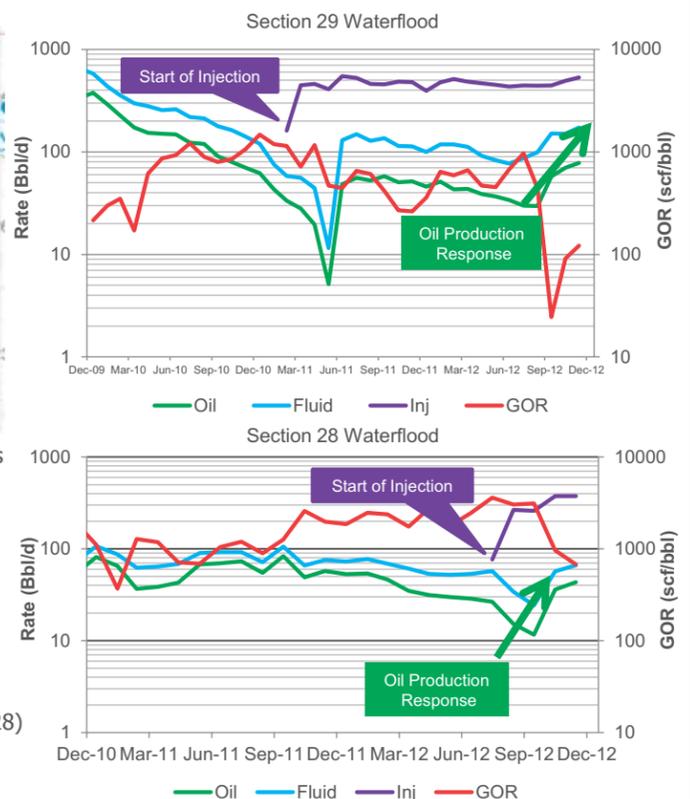
- ▶ Bakken pilot waterflood – one section
 - Water injection commenced mid-December 2011
 - Majority of wells frac’d out of zone prior to 2009 – poor primary production area
 - Plans to expand pilot to section 5 in early 2013



Taylorton – Waterflood Response



- ▶ Bakken pilot waterflood – Initially 1 section, now 2 sections
 - Water injection commenced mid-April 2011
 - Wells at 400 m spacing – longer fill-up time
 - Expanded pilot into section 28 in July 2012
- ▶ Results seen after a few months of injection
 - GOR decrease
 - Moderating oil rate decline, fluid rates have increased
 - Oil rates have increased **2.6X** (Sec. 29) and **3.7X** (Sec. 28)
 - Wells outside of pattern have responded - pressure maintenance is working



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Bakken BAKKEN Stats

MT oil permit activity

May 24 — May 30, 2013

Abbreviations & parameters

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

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

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

And public land survey system abbreviations:

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

COMPILED BY DARRYL L. FLOWERS

For Petroleum News Bakken

New locations — horizontal wells

In Richland County, Continental Resources Inc. was approved to drill the Audrey HSL. The Bakken formation well has a SHL at SW SW 6-23N-56E (265 FSL/285 FWL) and a PBHL of 19,827 feet at WL NW 31-24N-56E (660 FNL/0 FWL).

Re-issued locations

All five re-issued permits for the reporting period are for wells located in Richland County and all wells will target the Bakken formation.

Fidelity Exploration & Production Co. was approved for the Prevost 41-1H, with an SHL at NE NE 1-22N-56E (343 FNL/735 FEL) and a PBHL of 14,982 feet at SE SE 1-22N-56E (250 FSL/735 FEL).

The remaining four wells receiving re-issued permits will fly the Continental Resources Inc. banner: the Babka Federal 2-12H, with an SHL at SE SE 12-24N-52E (335 FSL/750 FEL) and a PBHL of 15,663 feet at E2 E2 1-24N-52E (200 FNL/750 FEL); the Duval Federal 1-8H, with an SHL at SW SE 8-26N-55E (475 FSL/1555 FEL) and a PBHL of 19,839

feet at NW NE 5-26N-55E (200 FNL/1980 FEL); the Fisher 1-29H, with an SHL at SW SE 29-27N-53E (265 FSL/1990 FEL) and a PBHL of 18,638 feet at NW NE 20-27N-53E (200 FNL/1980 FEL) and the Peck 1-30H with an SHL at NW NE 30-27N-54E (180 FNL/1615 FEL) and a PBHL of 19,304 feet at SW SE 31-27N-54E (200 FSL/1980 FEL).

Completions

TAQA North USA, Inc. filed a completion report for the Jerde 10-8H in Sheridan County. The Bakken formation well has an SHL at SE NE 10-37N-57E (1980 FNL/230 FEL) and a BHL of 11,744 feet at SW NW 10-37N-57E (1992 FNL/849 FWL). The Jerde reported an IP of 26 barrels of oil per day, 6,000 cubic feet of gas per day and 767 barrels of water per day. ●

Editor's note: Darryl L. Flowers is the publisher of the Sun Times in Fairfield, Mont., www.fairfieldsuntimes.com, and can be reached at publisher@fairfieldsuntimes.com.

Highlights: Statoil takes 7 of top 10 IPs

Kudos to Statoil: In the North Dakota Bakken IP chart for wells completed or released from confidential status May 28-June 3 (page 11) Statoil took the top four positions, as well as sixth, seventh and ninth place, with initial production rates between 3,091 and 4,680 barrels of oil.

Six of the Statoil wells were in McKenzie County (five in Banks field, one in Ragged Butte) and one in Williams County (Todd field).

Two XTO Energy wells, both in McKenzie County, placed in the fifth (Siverston field) and eighth (North Tobacco Garden) positions. They were former Denbury Onshore wells that transferred to XTO on Feb. 4.

The No. 10 well was a Burlington Resources well in McKenzie Co. The Waterton well was in the Keene field with an IP of 2,984 barrels.

Two other Waterton wells had IP rates of 2,334 and 2,444 barrels of oil in the May 7-13 period.

Also of possible interest: Surge Energy had eight wells released from confidential status in Bottineau County, N.D., two of them horizontals. In the same county Surge had 11 permits cancelled (page 10). More on Surge and its Corinthian connection at

www.petroleumnewsbakken.com/pnads/763882975.shtml.

—KAY CASHMAN



Looking for a rig report?

Montana

Drilling Ahead at www.drillingahead.com/USARigReport offers a U.S. Drilling Rig Report that includes Montana.

North Dakota

The best list for North Dakota is updated daily by the North Dakota Oil and Gas Division at www.dmr.nd.gov/oilgas/riglist.asp

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/wwwar/index.html



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North Dakota oil permit activity

May 28 – June 3, 2013

LEGEND

The county name is on the upper line, the type of permit issued is on the second line, and company names are next, followed by individual wells with data in this order: well name; location; footages; field; well bore type; elevation; NDIC file number; API number; date permit shows on NDIC website.

Abbreviations

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

FNL = From North Line | FEL = From East Line
FSL = From South Line | FWL = From West Line

Billings Co.

Permits renewed

Whiting Oil and Gas

BSMU 3605; SWNW 36-142N-101W; 1,803'FNL and 716'FWL; Big Stick; on confidential status; 2,510' ground; 19294; 33-007-01653; 5/30/2013

Bottineau Co.

Permits issued

Legacy Oil and Gas

Legacy ET AL Bernstein 12-7H; NWSE 7-163N-76W; 2,001'FSL and 262'FWL; Red Rock; on confidential status; 1,728' ground; 25712; 33-009-02321; 5/29/2013

Legacy ET AL Bernstein 13-17 2H; SWSW 17-163N-76W; 612'FSL and 300'FWL; Red Rock; on confidential status; 1,714' ground; 25702; 33-009-02320; 5/29/2013

Permits cancelled

Surge Energy

Haram 00 NWSE 20; NWSE 20-163N-77W; 1,980'FSL and 1,980'FEL; Haram; vertical; 1,519' ground; 24876; 33-009-02301; 5/29/2013

Haram 00 NWSE 31; NWSE 31-164N-77W; 1,980'FSL and 1,980'FEL; Souris; vertical; 1,533' ground; 24893; 33-009-02303; 5/29/2013

Haram 00 SENE 23; SENE 23-163N-77W; 1,980'FNL and 660'FEL; Wildcat; vertical; 1,662' ground; 24950; 33-009-02305; 5/29/2013

Scandia 00 SESE 11; SESE 11-163N-78W; 660'FSL and 660'FEL; Wildcat; vertical; 1,511' ground; 24875; 33-009-02300; 5/29/2013

Scandia 1N NWNW 35 02 NWNE 34H; NWNW 35-164N-78W; 1,185'FNL and 761'FWL; Souris; horizontal; 1,528' ground; 23897; 33-009-02285; 5/29/2013

Scandia 1S NWNW 35 00 SWNE 34H; NWNW 35-164N-78W; 1,245'FNL and 761'FWL; Souris; horizontal; 1,528' ground; 23898; 33-009-02286; 5/29/2013

Scandia 2N NWNW 35 00 NWNE 34H; NWNW 35-164N-78W; 1,125'FNL and 761'FWL; Souris; horizontal; 1,528' ground; 23896; 33-009-02284; 5/29/2013

Scandia 2S NWNW 35 02 SWNE 34H; NWNW 35-164N-78W; 1,305'FNL and 761'FWL; Souris; horizontal; 1,528' ground; 23899; 33-009-02287; 5/29/2013

Burke Co.

Permits issued

Petro-Hunt

MM Wold 160-94-31A-6-7H; NENE 31-160N-94W; 275'FNL and 430'FEL; North Tioga; on confidential status; 2,387' ground; 25722; 33-013-01717; 5/31/2013

Divide Co.

Permits issued

Murex Petroleum

Deanna Marie 34-27H; SWSE 34-162N-101W; 250'FSL and 2,300'FEL; Wildcat; horizontal; 2,247' ground; 25713; 33-023-01053; 5/30/2013

Holice 2-11H; LOT3 2-161N-101W; 250'FNL and 2,400'FWL; Wildcat; horizontal; 2,204' ground; 25714; 33-023-01054; 5/30/2013

Lacey Marie 17-20H; NWNE 17-162N-101W; 280'FNL and 1,700'FEL; Wildcat; horizontal; 2,201' ground; 25715; 33-023-01055; 5/30/2013

Marcelo Manuel 32-29H; SWSE 32-162N-101W; 253'FSL and 1,800'FEL; Wildcat; horizontal; 2,187' ground; 25716; 33-023-01056; 5/30/2013

North Plains Energy

Solberg 160-101-28-33-21-13A-1H; SWSW 21-160N-101W; 275'FSL and 495'FWL; Sioux Trail; horizontal; 2,308' ground; 25705; 33-023-01051; 5/29/2013

Solberg 160-101-21-16-13B-1H; SWSW 21-160N-101W; 275'FSL and 525'FWL; Sioux Trail; horizontal; 2,307' ground; 25706; 33-023-01052; 5/29/2013

Dunn Co.

Permits issued

Oxy USA (Occidental Petroleum Corp.)

Martin 3-30-31H-144-96; NENW 30-144N-96W; 389'FNL and 1,961'FWL; Cabernet; horizontal; 2,278' ground; 25707; 33-025-02171; 5/29/2013

Martin 4-30-31H-144-96; NENW 30-144N-96W; 389'FNL and 1,881'FWL; Cabernet; horizontal; 2,280' ground; 25709; 33-025-02173; 5/29/2013

State Kary 3-19-18H-144-96; NENW 30-144N-96W; 389'FNL and 1,841'FWL; Murphy Creek; horizontal; 2,280' ground; 25710; 33-025-

02174; 5/29/2013

State Kary 4-19-18H-144-96; NENW 30-144N-96W; 389'FNL and 1,921'FWL; Murphy Creek; horizontal; 2,280' ground; 25708; 33-025-02172; 5/29/2013

XTO Energy (ExxonMobil)

Strommen 44X-7D; SESE 7-145N-94W; 490'FSL and 1,320'FEL; Killdeer; on confidential status; 2,232' ground; 25721; 33-025-0217; 5/31/2013

Strommen 44X-7H; SWSE 7-145N-94W; 520'FSL and 1,320'FEL; Killdeer; on confidential status; 2,232' ground; 25720; 33-025-02175; 5/31/2013

Permits renewed

Oxy USA (Occidental Petroleum Corp.)

Federal Bud 2-32-29H-143-96; SESW 32-143N-96W; 365'FSL and 1,570'FWL; Fayette; horizontal; 2,363' ground; 23056; 33-025-01743; 5/30/2013

Federal Tormaschy 2-5-8H-142-96; SESW 32-143N-96W; 315'FSL and 1,570'FWL; Manning; horizontal; 2,363' ground; 23057; 33-025-01744; 5/30/2013

Marathon Oil

Bear Den 42-5H; NWSW 4-148N-95W; 2,314'FNL and 297'FWL; Lost Bridge; on confidential status; 2,501' ground; 23163; 33-025-01774; 5/30/2013

Rohde USA 34-20H; NWNE 29-146N-92W; 300'FNL and 1,745'FEL; Werner; on confidential status; 2,318' ground; 23158; 33-025-01772; 5/30/2013

Location resurveyed

WPX Energy

Martin Fox 20-17HA; SESW 20-149N-93W; 554'FSL and 2,232'FWL; Mandaree; on confidential status; 2,291' ground; 23684; 33-025-01847; 5/30/2013

Martin Fox 20-17HB; SESW 20-149N-93W; 518'FSL and 2,325'FWL; Mandaree; on confidential status; 2,291' ground; 23682; 33-025-01845; 5/30/2013

Martin Fox 20-17HC; SESW 20-149N-93W; 482'FSL and 2,419'FWL; Mandaree; on confidential status; 2,291' ground; 23680; 33-025-01843; 5/28/2013

Martin Fox 20-17HD; SESW 20-149N-93W; 446'FSL and 2,512'FWL; Mandaree; on confidential status; 2,291' ground; 23678; 33-025-01841; 5/28/2013

Martin Fox 20-17HW; SESW 20-149N-93W; 536'FSL and 2,279'FWL; Mandaree; on confidential status; 2,291' ground; 23683; 33-025-01846; 5/28/2013

Martin Fox 20-17HX; SESW 20-149N-93W; 500'FSL and 2,372'FWL; Mandaree; on confidential status; 2,291' ground; 23681; 33-025-01844; 5/28/2013

Martin Fox 20-17HZ; SESW 20-149N-93W; 464'FSL and 2,465'FWL; Mandaree; on confidential status; 2,291' ground; 23679; 33-025-01842; 5/28/2013

McKenzie Co.

Permits issued

Hess

AN-Evenson 152-95-0310H-2; LOT3 3-152N-95W; 350'FNL and 1,680'FWL; Antelope; on confidential status; 2,289' ground; 25701; 33-053-05027; 5/28/2013

AN-Evenson 152-95-0310H-3; LOT3 3-152N-95W; 350'FNL and 1,630'FWL; Antelope; on confidential status; 2,292' ground; 25700; 33-053-05026; 5/28/2013

AN-Evenson 152-95-0310H-4; LOT3 3-152N-95W; 350'FNL and 1,580'FWL; Antelope; on confidential status; 2,294' ground; 25699; 33-053-05025; 5/28/2013

AN-Evenson 152-95-0310H-5; LOT3 3-152N-95W; 350'FNL and 1,530'FWL; Antelope; on confidential status; 2,296' ground; 25698; 33-053-05024; 5/28/2013

Triangle USA Petroleum

Arnegard 150-100-14-23-4H; NENW 14-150N-100W; 250'FNL and 1,770'FWL; Timber Creek; horizontal; 2,268' ground; 25733; 33-053-05032; 6/3/2013

McCabe 150-101-24-13-1H; SWSE 24-150N-101W; 250'FSL and 1,530'FEL; Rawson; horizontal; 2,323' ground; 25717; 33-053-05028; 5/30/2013

McCabe 150-101-24-13-2H; SWSE 24-150N-101W; 250'FSL and 1,480'FEL; Rawson; horizontal; 2,325' ground; 25718; 33-053-05029; 5/30/2013

Whiting Oil and Gas

Eide 41-13HR; NENE 13-150N-100W; 240'FNL and 660'FEL; Timber Creek; horizontal; 2,267' ground; 25731; 33-053-05030; 6/3/2013

Eide 41-13-2H; NENE 13-150N-100W; 240'FNL and 690'FEL; Timber Creek; horizontal; 2,267' ground; 25732; 33-053-05031; 6/3/2013

Moen 41-26-2H; NENE 26-150N-100W; 654'FNL and 347'FEL; Timber Creek; horizontal; 2,296' ground; 25734; 33-053-05033; 6/3/2013

Permits renewed

Kodiak Oil and Gas

Grizzly 147-103-14-22-15-3H; SESW 22-147N-103W; 500'FSL and 1,380'FWL; Mondak; on confidential status; 2,254' ground; 23175; 33-053-04201; 6/3/2013

Location resurveyed

G3 Operation (Halcon Resources Corp.)

Fort Berthold 154-93-7D-6-3H; NWNE 18-152N-93W; 310'FNL and 1,595'FEL; Four Bears; on confidential status; 1,963' ground; 24254; 33-053-04536; 5/28/2013

Fort Berthold 152-93-7D-6-1H; NWNE 18-152N-93W; 340'FNL and 1,595'FEL; Four Bears; on confidential status; 1,955' ground; 24256; 33-053-04538; 5/28/2013

Mountrail Co.

Permits issued

EOG Resources

Wayzetta 33-2829H; SWSE 28-153N-90W; 445'FSL and 2,400'FEL; Parshall; horizontal; 2,029' ground; 25703; 33-061-02584; 5/29/2013

Wayzetta 34-2829H; SWSE 28-153N-90W; 375'FSL and 2,400'FEL; Parshall; horizontal; 2,029' ground; 25704; 33-061-02585; 5/29/2013

Fidelity Exploration and Production (MDU)

Lostwood 21-28-27H; SESE 27-154N-92W; 134'FSL and 910'FEL; Sanish; horizontal; 2,118' ground; 25711; 33-061-02586; 5/29/2013

Oasis Petroleum

Rivera 5982 21-30T; LOT2 30-158N-92W; 2,090'FEL and -300'FEL; Enget Lake; horizontal; 2,286' ground; 25723; 33-061-02588; 5/31/2013

Barnes 5892 21-30B; LOT2 30-158N-92W; 2,040'FNL and 300'FWL; Enget Lake; horizontal; 2,286' ground; 25724; 33-061-02589; 5/31/2013

Jase 5892 21-30T; LOT2 30-158N-92W; 1,990'FNL and 300'FWL; Enget Lake; horizontal; 2,286' ground; 25725; 33-061-02590; 5/31/2013

Mahaila 5892 21-30H; LOT2 30-158N-92W; 1,940'FNL and 300'FWL; Enget Lake; horizontal; 2,287' ground; 25726; 33-061-02591; 5/31/2013

Whiting Oil and Gas

Brown 42-28XH; SENE 28-154N-91W; 1,460'FNL and 330'FEL; Sanish; horizontal; 2,282' ground; 25727; 33-061-02592; 6/3/2013

Brown 41-28-2XH; NENE 28-154N-91W; 515'FNL and 355'FEL; Sanish; horizontal; 2,271' ground; 25728; 33-061-02593; 6/3/2013

Locken 43-8XH; NESE 8-153N-91W; 1,962'FSL and 319'FEL; Sanish; horizontal; 2,446' ground; 25730; 33-061-02594; 6/3/2013

Savannah TTT 41-26H; NENE 26-154N-92W; 350'FNL and 500'FEL; Sanish; horizontal; 2,114' ground; 25719; 33-061-02587; 5/30/2013

Permits renewed

Hunt Oil

Weflen 2-27H; SWSW 27-154N-90W; 375'FSL and 550'FWL; Parshall; on confidential status; 2,243' ground; 23026; 33-061-02147; 5/30/2013

Location Resurveyed

Oasis Petroleum North America

Cottle 5892 21-30T; LOT2 30-158N-92W; 2,240'FNL and 300'FWL; Cottonwood; horizontal; 2,286' ground; 25307; 33-061-02496; 5/28/2013

Stark Co.

Permits issued

Fidelity Exploration and Production (MDU)

Cindy 14-23H; NWNW 14-140N-97W; 316'FNL and 635'FWL; Dickinson; horizontal; 2,558' ground; 25729; 33-089-00792; 6/3/2013

Williams Co.

Permits renewed

Triangle Petroleum

State 154-102-25-36-2H; NENW 25-154N-102W; 575'FNL and 1,470'FWL; Rosebud; on confidential status; 2,115' ground; 23159; 33-105-02677; 5/30/2013

State 154-102-25-36-4H; NENW 25-154N-102W; 575'FNL and 1,420'FWL; Rosebud; on confidential status; 2,114' ground; 23161; 33-105-02679; 5/30/2013

Oasis Petroleum North America

Aranson SWD 5603 24-8; SENE 8-156N-103W; 1,475'FNL and 250'FEL; Bull Butte; vertical; 2,371' ground; 90149; 33-105-90149; 5/31/2013

Location resurveyed

Oasis Petroleum North America

Aerabelle 5502 43-7T; SWSE 7-155N-102W; 375'FSL and 2,030'FEL; Squires; horizontal; 2,301' ground; 25121; 33-105-03014; 5/31/2013

Annie 5502 43-7B; SWSE 7-155N-102W; 375'FSL and 1,980'FEL; Squires; horizontal; 2,301' ground; 25120; 33-105-03013; 6/3/2013

Statoil Oil and Gas

Field Trust 7-6 3TFH; SWSE 7-154N-101W; 400'FSL and 1,950'FEL; Todd; on confidential status; 2,063' ground; 25081; 33-105-03011; 6/3/2013

Field Trust 7-6 4H; SWSE 7-154N-101W; 400'FSL and 1,920'FEL; Todd; on confidential status; 2,065' ground; 25080; 33-105-03010; 6/3/2013

Field Trust 7-6 5TFH; SWSE 7-154N-101W; 400'FSL and 1,890'FEL; Todd; on confidential status; 2,065' ground; 25079; 33-105-03009; 6/3/2013

Field Trust 7-6 6H; SWSE 7-154N-101W; 400'FSL and 1,980'FEL; Todd; on confidential status; 2,065' ground; 25082



IPs for ND Bakken wells

May 28 – June 3, 2013

This chart contains initial production rates, or IPs, for active wells that were filed as completed with the state of North Dakota from May 28 to June 3 in the Bakken petroleum system, which includes formations such as the Bakken and Three Forks. The completed wells that did not have an available IP rate (N/A) either haven't been tested or were awarded confidential (tight hole) status by the North Dakota Industrial Commission's Department of Minerals. This chart also contains a section with active wells that were released from confidential status during the same period, May 28 to June 3. Again, some IP rates were not available (N/A), but should have been provided to NDIC by the operating company. The information was assembled by Petroleum News Bakken from NDIC daily activity reports and other sources. The name of the well operator is as it appears in state records, with the loss of an occasional Inc., LLC or Corporation because of space limitations. Some of the companies, or their Bakken petroleum system assets, have been acquired by others. In some of those cases, the current owner's name is in parenthesis, such as ExxonMobil in parenthesis behind XTO Energy. If the chart is missing actual owners' names, please contact Ashley Lindly at alindly@petroleumnewsbakken.com.

LEGEND

The well operator's name is on the upper line, followed by individual wells with data in this order: NDIC file number; well name; field; location; spacing; county; 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

Continental Resources

23370; Atlanta 3-6H; Baker; NWNW 6-153N-101W; 4SEC; Williams; horizontal; 20,225; 4/8/2013; 597 bbl
 22733; Glasoe 5-19H; Dolphin; SESW 19-161N-95W; 2SEC; Divide; horizontal; 18,657; 4/10/2013; 200 bbl
 21418; Larson 3-21H; Sauk; SESE 16-159N-95W; 4SEC; Williams; horizontal; 20,059; 4/5/2013; 584 bbl

Corinthian Exploration USA

23815; Corinthian Backman 4-35 1-H; North Souris; NWNW 35-164N-77W; ICO; Bottineau; horizontal; 5,887; 5/12/2013; 135 bbl

Enduro Operating

05779; Engebretson 8-9; Little Deep Creek; SENE 9-161N-85W; U; Renville; vertical; 4,965; 5/26/1975; 33 bbl

Hess

23571; AN-Bohmbach 153-94-2734H-3; Antelope; NWNE 27-153N-94W; 2SEC; McKenzie; horizontal; 20,633; 5/1/2013; 1,290 bbl
 23572; AN-Bohmbach 153-94-2734H-4; Antelope; NWNE 27-153N-94W; 2SEC; McKenzie; horizontal; 20,879; 5/2/2013; 934 bbl
 23823; EN-State D 154-93-2635H-2; Robinson Lake; NWNE 26-154N-93W; 2SEC; Mountrail; horizontal; 20,604; 5/5/2013; 920 bbl
 22366; HA-Swenson 152-95-1819H-3; Hawkeye; NWNW 18-152N-95W; 2SEC; McKenzie; horizontal; 20,073; 5/1/2013; 1,336 bbl
 22635; HA-Swenson-152-98- 1819H-5; Hawkeye; NWNE 18-152N-95W; 2SEC; McKenzie; horizontal; 19,962; 5/4/2013; 1,114 bbl
 23129; SC-Norman 154-98-3130H-3; Truax; SESW 31-154N-98W; 2SEC; Williams; horizontal; 20,868; 5/1/2013; 943 bbl
 23130; SC-Norman 154-98-3130H-4; Truax; SESW 31-154N-98W; 2SEC; Williams; horizontal; 20,780; 5/4/2013; 976 bbl

Kodiak Oil and Gas

24405; P. Thomas 153-98-5-3-2-1H; Truax; SWNW 3-153N-98W; 2SEC; Williams; horizontal; 20,485; 4/13/2013; 2,367 bbl

Marathon Oil

24075; Hansen Rance 34-10TFH; Bailey; SESE 10-146N-93W; 2SEC; Dunn; horizontal; 20,525; 4/30/2013; 1,371 bbl

Oasis Petroleum

25046; Sequoia 6093 42-34H; Gros Ventre; SESW 34-160N-93W; 2SEC; Burke; horizontal; 19,035; 5/17/2013; 338 bbl

Oxy USA (Occidental Petroleum Corp.)

22984; Schafner 1-29-32H-142-95; Manning; SWSE 20-142N-95W; N/A; Dunn; on confidential status; N/A; N/A; 640 bbl

QEP Energy

21561; MHA 1-31-25H-150-92; Heart Butte; SESE 31-150N-91W; 4SEC; Dunn; horizontal; 23,580; 5/8/2013; 1,731 bbl
 21557; MHA 1-31-36H-150-92; Heart Butte; SESE 31-150N-91W; 4SEC; Dunn; horizontal; 19,447; 5/16/2013; 2,140 bbl
 21558; MHA 3-31-36H-150-92; Heart Butte; SESE 31-150N-91W; 4SEC; Dunn; horizontal; 20,440; 5/14/2013; 2,359 bbl
 21559; MHA 5-31-25H-150-92; Heart Butte; SESE 31-150N-91W; 4SEC; Dunn; horizontal; 21,000; 5/12/2013; 2,032 bbl
 21560; MHA 7-31-25H-150-92; Heart Butte; SESE 31-150N-91W; 4SEC; Dunn; horizontal; 22,606; 5/10/2013; 673 bbl

Statoil Oil and Gas

21875; Bratcher 10-3 #2H; Ragged Butte; SESE 10-151N-101W; 2SEC; McKenzie; horizontal; 20,460; 3/29/2013; 2,047 bbl
 22511; Bratcher 10-3 #3TFH; Ragged Butte; SESE 10-151N-101W; 2SEC; McKenzie; horizontal; 20,454; 3/26/2013; 928 bbl
 22322; Cheryl 17-20 2TFH; Banks; SESW 8-152N-98W; 2SEC; McKenzie; horizontal; 21,610; 4/30/2013; 4,630 bbl

Top 10 Bakken wells by IP rate

Statoil Oil and Gas

21815; Richard 8-5 #1H; McKenzie; 4,680 bbl
 22322; Cheryl 17-20 2TFH; McKenzie; 4,630 bbl
 22807; Richard 8-5 #2H; McKenzie; 3,793 bbl
 22900; Topaz 20-17 3H; McKenzie; 3,660 bbl

XTO Energy (ExxonMobil)

23834; Lundin 44X-11H; McKenzie; 3,458 bbl

Statoil Oil and Gas

22901; Samson 29-32 3H; McKenzie; 3,225 bbl
 21876; Lonnie 15-22 #1H; McKenzie; 3,153 bbl

XTO Energy (ExxonMobil)

23469; Lawlar 41-155EH; McKenzie; 3,146 bbl

Statoil Oil and Gas

22872; Pyramid 15-22 4H; Williams; 3,091 bbl

Burlington Resources Oil and Gas (ConocoPhillips)

23836; Waterton 11-29TFH; McKenzie; 2,984 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 May 28 to June 3, 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.

22644; Jerome Anderson 15-10 2TFH; Alger; SWSE 15-155N-92W; 2SEC; Mountrail; horizontal; 19,747; 4/27/2013; 1,168 bbl
 23740; Jerome Anderson 15-10 6H; Alger; SWSE 15-155N-92W; 2SEC; Mountrail; horizontal; 19,694; 4/23/2013; 2,311 bbl
 21876; Lonnie 15-22 #1H; Ragged Butte; SESE 10-151N-101W; 2SEC; McKenzie; horizontal; 21,144; 4/9/2013; 3,153 bbl
 22875; Pyramid 15-22 1H; Todd; NWNW 15-154N-101W; 2SEC; Williams; horizontal; 20,334; 4/3/2013; 2,341 bbl
 22874; Pyramid 15-22 2TFH; Todd; NWNW 15-154N-101W; 2SEC; Williams; horizontal; 20,650; 3/28/2013; 1,884 bbl
 22872; Pyramid 15-22 4H; Todd; NWNW 15-154N-101W; 2SEC; Williams; horizontal; 23,230; 3/14/2013; 3,091 bbl
 22873; Pyramid 15-22 3H; Todd; NWNW 15-154N-101W; 2SEC; Williams; horizontal; 21,650; 3/23/2013; 2,835 bbl
 21815; Richard 8-5 #1H; Banks; SESW 8-152N-98W; 2SEC; McKenzie; horizontal; 21,800; 4/25/2013; 4,680 bbl
 22807; Richard 8-5 #2H; Banks; SWSE 8-152N-98W; 2SEC; McKenzie; horizontal; 21,921; 4/19/2013; 3,793 bbl
 22901; Samson 29-32 3H; Banks; SESW 20-153N-97W; 2SEC; McKenzie; horizontal; 21,650; 4/26/2013; 3,225 bbl
 22942; Sullivan WMA 35-2 1H; Briar Creek; LOT2 35-152N-104W; 2SEC; McKenzie; horizontal; 20,006; 4/8/2013; 2,274 bbl
 22900; Topaz 20-17 3H; Banks; SESW 20-153N-97W; 2SEC; McKenzie; horizontal; 20,831; 4/20/2013; 3,660 bbl
 22941; West Bank 26-23 1H; Briar Creek; LOT2 35-152N-104W; 2SEC; McKenzie; horizontal; 21,036; 4/1/2013; 2,581 bbl

True Oil

23745; True Federal 32-32; Bowline; NWNE 32-148N-101W; NE; McKenzie; vertical; N/A; 5/6/2013; 204 bbl

Whiting Oil and Gas

24994; Carkuff 13-14H; Sanish; NWSW 14-154N-92W; 2SEC; Mountrail; horizontal; 17,355; 4/9/2013; 1,393 bbl
 24829; Hansen 14-20TFX; Sanish; SWSW 20-153N-91W; ICO; Mountrail; horizontal; 20,390; 4/21/2013; 678 bbl
 24828; Hansen 13-20TFX; Sanish; NWSW 20-153N-91W; ICO; Mountrail; horizontal; 20,452; 4/20/2013; 1,341 bbl
 24555; Lacey 21-1H; Sanish; LOT3 1-152N-92W; 2SEC; Mountrail; horizontal; 18,131; 4/29/2013; 1,993 bbl

see ND IP page 12

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continued from page 11

ND IP

24556; Lacey 21-1TFH; Sanish; LOT3 1-152N-92W; 2SEC; Mountrail; horizontal; 18,478; N/A; N/A
 24961; Meiers 44-18H; Sanish; SESE 18-154N-92W; 2SEC; Mountrail; horizontal; 18,565; 5/2/2013; 1,726 bbl
 23081; Sondrol 11-3H; Bully; LOT4 3-148N-99W; 2SEC; McKenzie; horizontal; 21,184; 4/19/2013; 1,293 bbl
 24184; Sondrol 11-3-2H; Bully; LOT4 3-148N-99W; 2SEC; McKenzie; horizontal; 21,084; 4/18/2013; 1,726 bbl
 23082; Sondrol 11-3TFH; Bully; LOT4 3-148N-99W; 2SEC; McKenzie; horizontal; 21,087; 4/19/2013; 438 bbl

XTO Energy (ExxonMobil)

23469; Lawlar 41-155EH; North Tobacco Garden; NENE 15-151N-99W; 2SEC; McKenzie; horizontal; 21,014; 4/3/2013; 3,146 bbl
 23833; Lundin 44X-11C; Siverston; SESE 11-150N-98W; 2SEC; McKenzie; horizontal; 20,860; 4/25/2013; 2,653 bbl
 24104; Stenberg 14-10SWH; North Tobacco Garden; SWSW 10-151N-99W; 2SEC; McKenzie; horizontal; 21,623; 4/10/2013; 2,380 bbl
 20250; Wayne 34X-34F; West Capa; SWSE 34-155N-96W; 2SEC; Williams; horizontal; 20,347; 3/27/2013; 1,944 bbl
 20503; Wood 21X-25B; Truax; NENE 25-154N-98W; 2SEC; Williams; horizontal; 20,600; 4/23/2013; 560 bbl

IPs for ND wells released from confidential status**American Eagle Energy**

23827; Christianson Brothers 15-33-164-101; Colgan; SWSE 33-164N-101W; 2SEC; Divide; horizontal; 13,628; 3/8/2013; 587 bbl
 23816; Terri Lynn 3-3N-163-101; Colgan; LOT3 3-163N-101W; 2SEC; Divide; horizontal; 14,350; 3/9/2013; 413 bbl

Ballantyne Oil

24349; Brandy 10-21; Spring Coulee; NWSE 21-159N-83W; ICO; Bottineau; vertical; 4,830; 4/9/2013; 28 bbl

Baytex Energy USA

23240; Marilyn Nelson 29-32-162-98H 1BP; Whiteaker; NWNE 29-162N-98W; 2SEC; Divide; horizontal; 18,400; 12/19/2012; 419 bbl

Company	Exchange	Symbol	Closing price	Previous Wed.
Abraxas Petroleum Corp.	NASDAQ	AXAS	\$2.32	\$2.37
American Eagle Energy Corp.	AMZG	OTC	\$1.70	\$1.82
Arsenal Energy USA, Inc.	TSE	AEI	\$0.40	\$0.39
Baytex Energy Corp.	NYSE	BTE	\$37.28	\$37.94
Burlington Resources Co. (ConocoPhillips)	NYSE	COP	\$61.62	\$62.78
Continental Resources, Inc.	NYSE	CLR	\$81.01	\$85.25
Crescent Point Energy Corp.	TSE	CPG	\$35.92	\$37.99
Enerplus Resources USA Corp.	NYSE	ERF	\$14.90	\$15.79
EOG Resources, Inc.	NYSE	EOG	\$128.52	\$132.83
Fidelity Exploration and Production (MDU)	NYSE	MDU	\$25.13	\$25.92
G3 Operating, LLC (Halcon Resources Corp.)	NYSE	HK	\$5.23	\$5.40
GMX Resources, Inc.	PINK	GMXRQ	\$0.21	\$0.21
Hess Corp.	NYSE	HES	\$66.76	\$68.57
Kodiak Oil and Gas (USA), Inc.	NYSE	KOG	\$8.56	\$9.00
Legacy Reserves Operating LP	NASDAQ	LGCY	\$26.65	\$27.79
Liberty Resources, LLC	LBY	ASX	\$0.03	\$0.03
Marathon Oil Co.	NYSE	MRO	\$34.05	\$35.45
Newfield Production Co.	NYSE	NFX	\$23.29	\$24.89
Oasis Petroleum, Inc.	NYSE	OAS	\$38.03	\$37.93
OXY USA (Occidental Petroleum Corp.)	NYSE	OXY	\$93.38	\$94.55
QEP Energy Co.	NYSE	QEP	\$29.56	\$28.95
Resolute (Resolute Energy Corp.)	NYSE	REN	\$8.07	\$8.65
Samson Resources Co. (KKR & Co.)	NYSE	KKR	\$18.30	\$20.11
SM Energy Co.	NYSE	SM	\$61.20	\$62.69
Statoil Oil and Gas LP	NYSE	STO	\$22.52	\$22.77
Sundance Energy, Inc.	SEA	ASX	\$0.92	\$0.97
Triangle USA Petroleum Corp.	NYSE	TPLM	\$5.72	\$5.41
Whiting Oil and Gas Corp.	NYSE	WLL	\$45.54	\$46.97
WPX Energy, Inc.	NYSE	WPX	\$19.21	\$19.73
XTO Energy, Inc. (ExxonMobil)	NYSE	XOM	\$89.65	\$92.08

Bakken North Dakota well operator transfers

May 25 – May 31, 2013

LEGEND

Date of well operator transfer
 Well(s) transferred from
 Well(s) transferred to
 NDIC well file number — well name — well type — pool — field — IP (initial production)
 test date — IP oil rate in barrels — location — county

May 29, 2013

From: Ulmer Energy, LLC
 To: Proven Petroleum, INC.

#11219 - Patch Federal 1; vertical; Duperow; Hardscrabble; 7/30/1985; 82 bbl; SESE 14-153N-102W; Williams Co.
 #11459 - Tofte Federal 1; vertical; Birdbear; Hardscrabble; 8/5/1985; 13 bbl; S2NE 23-153N-102W; Williams Co.
 #11578 - Habermeyer 33-13 1; vertical; Duperow; Hardscrabble; 12/17/1985; 103 bbl; NWSE 13-153N-102W; Williams Co.
 #15402 - Dorothy 1; vertical; Tyler; Dance Creek; 7/19/2003; 98 bbl; SWSE 20-139N-102W; Billings Co.
 #15517 - Hild 1-21; vertical; Tyler; Dance Creek; 4/2/2004; 52 bbl; SWSW 21-139N-102W; Billings Co.

Note: The information in this chart was compiled by Petroleum News Bakken from the online daily activity reports of the North Dakota Industrial Commission, or NDIC. The operator names in this report are as they appear in State of North Dakota records. In almost all cases a lease is transferred with a well.

Burlington Resources Oil and Gas

23836; Waterton 11-29TFH; Keene; NENE 29-153N-95W; 2SEC; McKenzie; horizontal; 20,175; 4/27/2013; 2,984 bbl

Continental Resources

23242; Addyson 2-23H; Brooklyn; SESE 23-155N-98W; 4SEC; Williams; horizontal; 20,920; 3/24/2013; 102 bbl
 23243; Addyson 3-23H; Brooklyn; SESE 23-155N-98W; N/A; Williams; horizontal; N/A; N/A; N/A
 23610; Akron 2-27AH; Banks; NENE 27-152N-99W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 24473; Angus 2-9H2; Elm Tree; SESW 9-153N-94W; 2SEC; McKenzie; horizontal; 20,395; 2/16/2013; 598 bbl
 23496; Angus Federal 4-9H; Elm Tree; NWNE 16-153N-94W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 23494; Angus Federal 5-9H; Elm Tree; NWNE 16-153N-94W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 90258; Atlanta #1 SWD; Baker; NWNW 6-153N-101W; N/A; Williams; vertical; 5,952; N/A; N/A
 24377; Barney 3-29H-3; Brooklyn; NENE 29-155N-98W; N/A; Williams; horizontal; N/A; N/A; N/A
 23608; Charlotte 5-22H; Banks; NENE 27-152N-99W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 24284; Hawkinson 9-22H3; Oakdale; NENE 22-147N-96W; N/A; Dunn; horizontal; N/A; N/A; N/A
 24285; Hawkinson 10-22H1; Oakdale; NWNE 22-147N-96W; N/A; Dunn; horizontal; N/A; N/A; N/A
 24286; Hawkinson 11-22H2; Oakdale; NWNE 22-147N-96W; N/A; Dunn; horizontal; N/A; N/A; N/A
 23495; Simmental Federal 3-16H; Elm Tree; NWNE 16-153N-94W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 24289; Stedman 2-24H-2; Hebron; NENE 24-155N-104W; 2SEC; Williams; horizontal; 20,155; 2/22/2013; 370 bbl

Enduro Operating

24250; MRPSU 30-33; Mouse River Park; NWSE 30-162N-85W; N/A; Renville; vertical; 5,171; N/A; N/A

Fidelity Exploration and Production (MDU)

23146; Miriah 19-30-29H; Sanish; LOT2 19-154N-92W; 4SEC; Mountrail; horizontal; 22,311; 12/6/2012; 851 bbl

Hess

24410; BB-Budahn A 150-95-0403H-5; Blue Buttes; SENE 5-150N-95W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 23954; EN-D Cvacara 5-154-93-0904H-2; Robinson Lake; SESW 9-154N-93W; N/A; Mountrail; horizontal; N/A; N/A; N/A
 23955; EN-D Cvacara 5-154-93-0904H-3; Robinson Lake; SESW 9-154N-93W; N/A; Mountrail; horizontal; N/A; N/A; N/A
 23825; EN-State D 154-93-2635H-4; Robinson Lake; NWNE 26-154N-93W; N/A; Mountrail; horizontal; N/A; N/A; N/A
 23826; EN-State D 154-93-2635H-5; Robinson Lake; NWNE 26-154N-93W; N/A; Mountrail; horizontal; N/A; N/A; N/A
 24135; LK-Little Chase Creek 147-97-2116H-2; Little Knife; SWSE 21-147N-97W; N/A; Dunn; horizontal; N/A; N/A; N/A
 24134; LK-Little Chase Creek 147-97-2116H-3; Little Knife; SWSE 21-147N-97W; N/A; Dunn; horizontal; N/A; N/A; N/A
 24133; LK-Little Chase Creek 147-97-2116H-4; Little Knife; SWSE 21-147N-97W; N/A; Dunn; horizontal; N/A; N/A; N/A

Kodiak Oil and Gas

24405; P. Thomas 153-98-5-3-2-1H; Truax; SWNW 3-153N-98W; 2SEC; Williams; horizontal; 4/13/2013; 2,367 bbl
 22086; P. Thomas 153-98-5-3-2-1H3; Truax; SWNW 3-153N-98W; 2SEC; Williams; horizontal; 4/12/2013; 2,052 bbl
 24406; P. Thomas 153-98-5-3-2-8H; Truax; SWNW 3-153N-98W; 2SEC; Williams; horizontal; 20,441; 4/19/2013; 2,076 bbl

Marathon Oil

24379; Charging USA 42-35H; Wolf Bay; SWNW 36-147N-92W; 2SEC; Dunn; horizontal; 20,700; 2/2/2013; 335 bbl
 24309; Gary Bell USA 23-36H; Wolf Bay; NESW 36-147N-92W; 4SEC; Dunn; horizontal; 18,787; 1/9/2013; 653 bbl

Murex Petroleum

23615; Amber Elizabeth 36-25H; Alexander; SESW 36-151N-101W; 2SEC; McKenzie; horizontal; 20,815; 1/2/2013; 1,708 bbl

Newfield Production

23907; Johnsrud 150-98-6-7-10H; Siverston; NENE 6-150N-98W; N/A; McKenzie; horizontal; N/A; N/A; N/A

Petro Hunt

24502; State 150-104-3A-10-1H; Nelson Bridge; NWNE 3-150N-104W; 2SEC; McKenzie; horizontal; 20,932; 2/23/2013; 559 bbl

Sequel Energy

23206; McGregor 24-16H-2128-15895-MB; McGregor; SESW 16-158N-95W; 2SEC; Williams; horizontal; 19,971; 3/17/2013; 1,115 bbl

SM Energy

24211; Jeglum 3-29HNA; Colgan; NENE 29-163N-100W; N/A; Divide; horizontal; N/A; N/A; N/A
 24212; Jeglum 3-29HNB; Colgan; NENE 29-163N-100W; N/A; Divide; horizontal; N/A; N/A; N/A

Statoil Oil and Gas

23888; Gyda 31-6 1H; Briar Creek; LOT4 30-152N-104W; N/A; McKenzie; horizontal; N/A; N/A; N/A
 22526; Roger Sorenson 8-5 4TFH; Alger; SESE 8-155N-92W; Mountrail; horizontal; N/A; N/A; N/A

Surge Energy USA

24876; Haram 00 NWSE 20; Haram; NWSE 20-163N-77W; N/A; Bottineau; vertical; N/A; N/A; N/A
 24893; Haram 00 NWSE 31; Souris; NWSE 31-164N-77W; N/A; Bottineau; vertical; N/A; N/A; N/A
 24950; Haram 00 SENE 23; Wildcat; SENE 23-163N-77W; N/A; Bottineau; vertical; N/A; N/A; N/A
 24875; Scandia 00 SESE 11; Wildcat; SESE 11-163N-78W; N/A; Bottineau; vertical; N/A; N/A; N/A
 23897; Scandia 1N NWNW 35 02 NWNE 34H; Souris; NWNW 35-164N-78; Bottineau; vertical; N/A; N/A; N/A
 23898; Scandia 1S NWNW 35 00 SWNE 34H; Souris; NWNW 35-164N-78W; N/A; Bottineau; vertical; N/A; N/A; N/A
 23896; Scandia 2N NWNW 35 00 NWNE 35H; Souris; NWNW 35-164N-78W; N/A; Bottineau; horizontal; N/A; N/A; N/A
 23899; Scandia 2S NWNW 35 02 SWNE 34H; Souris; NWNW 35-164N-78W; N/A; Bottineau; horizontal; N/A; N/A; N/A

Whiting Oil and Gas

19755; Anderson Butte Federal 11-17TFH; North Elkhorn Ranch; NWNW 17-144N-101W; 2SEC; Billings; horizontal; 20,770; 1/5/2013; 149 bbl
 22059; BSMU 2304; Big Stick; NESE 23-142N-101W; U; Billings; vertical; 9,524; N/A; N/A
 23635; Perzinski Family Trust 34-19PH; Heart River; SWSE 19-139N-97W; 2SEC; Stark; horizontal; 19,950; 12/1/2012; 256 bbl

Wisco

90247; Wisco #1; Round Prairie; NENE 26-154N-104W; N/A; Williams; vertical; N/A; N/A; N/A

XTO Energy (ExxonMobil)

23883; Fbir Bird 31X-19D; Heart Butte; NWNE 19-149N-91W; N/A; Dunn; horizontal; N/A; N/A; N/A
 23882; Fbir Bird 31X-19H; Heart Butte; NWNE 19-149N-91W; N/A; Dunn; horizontal; N/A; N/A; N/A
 23839; Leiseth 24X-22E; North Tobacco Garden; SESW 22-151N-99W; 2SEC; McKenzie; horizontal; N/A; N/A; N/A
 23840; Leiseth 24X-22F; North Tobacco Garden; SESW 22-151N-99W; 2SEC; McKenzie; horizontal; N/A; N/A; N/A
 23833; Lundin 44X-11C; Siverston; SESE 11-150N-98W; 2SEC; McKenzie; horizontal; 20,860; 4/25/2013; 2,653 bbl
 23835; Lundin 44X-11D; Siverston; SESE 11-150N-98W; 2SEC; McKenzie; horizontal; 20,430; 5/11/2013; 1,967 bbl
 23834; Lundin 44X-11H; Siverston; SESE 11-150N-98W; 2SEC; McKenzie; horizontal; 20,823; 4/26/2013; 3,458 bbl

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—Compiled by Ashley Lindly

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LEASE AUCTION

The 29,255 acres of leases offered were more than double the 12,596 offered in the March auction. The total was the highest acreage in a DNRC auction since June of 2012; the highest acreage total over the last five years was 201,226 acres in September 2011.

Winning bidders

A new player to the Montana lease auctions is Beckman Brothers Petroleum of Houston, which leased the highest total acreage at 10,813.06 acres all located in southern Cascade and northern Meagher counties in central Montana. Zone Exploration of Billings leased 3,837 acres in Musselshell County. Trilateral Energy USA of Calgary picked up leases on a 3,520 acres located in northeast Gallatin, northwest Park and southern Meagher counties. Vecta Oil and Gas of Lakewood, Colo., leased all of the 1,560 acres offered in Glacier County, and picked up an additional 800 acres in Musselshell County. JBLS Montana Inc. of Billings was the successful bidder on 1,600 acres in far western Richland and far eastern McCone counties. Big Horn Oil and Gas of Holladay, Utah, was the high bidder on

1,571 acres in northern Lewis and Clark County, and Willis Oil and Gas of Helena leased 1,160 acres in Hill County.

Back in eastern Montana, Alameda Energy acquired 960 acres in Dawson County, and James W. Gardner of Lewistown, Mont., was the successful bidder on a 40-acre tract, also in Dawson County. The tracts that Harvey Mineral Properties and Montana Oil Properties picked up Dawson and Wibaux counties, respectively, were the only acreages those two firms acquired in the June auction.

Other successful bidders in the June DNRC auction were PetroShale Energy of Lewistown, Mont., which acquired all of the 461 acres offered in Fergus County. In addition to Beckman Brothers Petroleum, Lonewolf Energy of Billings also picked up Cascade County acreage, acquiring the leases on 958 acres in the same area as the Beckman Brothers acreage. Briscoe Petroleum of Sheridan, Wyo., acquired the lease on 640 acres in northern Big Horn County and Tyler Petroleum of Billings was the successful bidder on 640 acres in far eastern Toole County just south of the Canadian border. ●

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KODIAK EXPANDING

drilling spacing units, based on 1,280-acre spacing, and is 90 percent held by production. The southern Williams County lands, about 14,000 net acres, are adjacent to Kodiak's core Polar area. An additional 25,000 net acres — called "Ursid" — are situated in McKenzie County to the west of the company's Koala and Smokey areas.

Increased inventory

"The increase in our inventory of future drilling locations provides the company with a longer runway of sustainable growth," Peterson said.

"As we continue our down-spacing work in our Koala and Smokey areas, we would expect the number of locations to increase significantly."

Peterson said Kodiak also would benefit from increased cash flow from the additional production, as well as proved reserves included in the deal.

"As the acquired lands are largely held by production, we can methodically develop the leasehold on a schedule that best fits our capital expenditures and drilling program," he said.

Upon closing, expected in July, Kodiak will operate seven drilling rigs, with one of them operating on lands to be acquired from Liberty, the company said.

Kodiak expects to finance the \$660 million acquisition through borrowing

under its revolving credit facility due April 2018, which carries a borrowing base of \$650 million prior to adjustments for the proposed transaction.

Working with bankers

Kodiak said it's working with bankers to complete a "re-determination" of the company's financial status. That's because the combined impact of Kodiak's recent completions and the proposed transaction, the company added, is expected "to result in a significant increase in Kodiak's borrowing base."

Though Kodiak is reassuring investors that "on a per-share basis, the transaction is immediately accretive on all measures," at least one industry analyst raised concerns about the deal.

"I do have some issues with respect to timing and leverage as Kodiak continues to add debt and difficulties for management to execute through 2013," Seeking Alpha columnist Michael Filloon wrote. "Without the deal, Kodiak was well positioned to grow without worries of raising equity. My biggest worry is how it plans to pay for this deal."

Still, Filloon believes that given Liberty's infrastructure and daily production, Kodiak received "a reasonable deal."

"I also like the transaction, as Liberty is a very good operator and is on acreage I believe to be outside the top tier, but still very good," he said. ●

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Oil Patch Bits

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PAUL EBELTOFT

COURTESY PHOTO

Abrasives Inc. new authorized Clemco distributor

Abrasives Inc., of Glen Ullin, N.D., said May 1 that it has been appointed an authorized Clemco distributor for the state of North Dakota. Abrasives has completed comprehensive product and process training at Clemco headquarters in Washington, Mo. Authorized distributors provide application and technical advice, maintain product and parts inventories, and provide local product availability for excellent customer service.

Clemco Industries Corp. is the largest air-powered abrasive blast equipment supplier in the world with portable and industrial product lines for cleaning, paint stripping, surface preparation, finishing and shot peening. Product offerings include: blast machines, operator safety equipment, manual and automated blast cabinets, and blast rooms.

An employee-owned corporation, Abrasives Inc. is home to Black Magic "The Tough Stuff" coal slag, a blast-cleaning favorite throughout the United States and Canada.

Black Magic is an environmentally friendly and high quality blast media available in multiple grit sizes. Abrasives is also home to Dakota Gold silica sand and distributes a full line of blast material including Starblast, steel shot and grit, garnet, aluminum oxide, soda and custom orders. For more information, visit www.AbrasivesInc.com.



COURTESY PHOTO

Bakken Players

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QEP UPDATE

rig into the South Antelope acreage, which is expected to begin drilling on a multiwell pad by the middle of June. That rig will bring QEP's total company-operated rig count in the Williston Basin to eight.

"I am pleased with QEP's strong operational results this quarter and I am encouraged by the very strong well results from our first operated multiwell pad on the South Antelope Acquisition," Chuck Stanley, QEP chairman, president and chief executive officer said in the June 3 announcement.

"As anticipated, it has taken some time to transition to pad development, where multiple wells are drilled and cased before completion activity commences," Stanley continued. "Based on our experience in other resource plays, we believe this is the right approach for efficient development of the Bakken and Three Forks reservoirs in the Williston Basin. In addition, recent well completions on our Fort Berthold Indian Reservation assets continue to exhibit strong initial performance. The fifth rig on the South Antelope property (our eighth operated rig in the Williston Basin) has arrived ahead of schedule and will begin drilling soon."

First quarter production and Ft. Berthold ops

At the end of the first quarter, QEP's Bakken/Three Forks production averaged 17,000 boepd, which was a 7 percent decrease from the company's average fourth quarter 2012 Williston Basin production of 18,348 boepd. The decline in first quarter production was due the company's transition to pad drilling.

In a conference call in early May, Stanley said that because of the company's shift to pad drilling, it was only able to complete and put on production one new well in the South Antelope area. That well is the company's Moberg 13-17/16H, which is a Three Forks well. Stanley said the well came in with a 24-hour IP of 1,397 boepd, which he said was lower than expected due to temporary surface equipment constraints during the first few days of flowback. However, at the end of the 24-hour flowback period, the well was producing 3,100 boepd.

Stanley added that the company's development plan for its South Bakken area is to average eight laterals on two pads per 1,280-acre unit with four wells

Although QEP was only able to complete one well in its South Antelope area in the first quarter, it did complete and brought on production six Middle Bakken and five Three Forks wells in its Fort Berthold acreage.

targeting the Middle Bakken and four targeting the Three Forks.

Although QEP was only able to complete one well in its South Antelope area in the first quarter, it did complete and brought on production six Middle Bakken and five Three Forks wells in its Fort Berthold acreage.

Five of the new Fort Berthold wells are on the company's 10-well Buffalo pad in the northwest corner of its Fort Berthold area. Collectively, those five wells had an average 24-hour IP of 2,190 boepd.

Another five wells were completed on the company's Skunk Creek pad, which is about five miles east of the Buffalo pad in the northern portion of QEP's Fort Berthold area. Those five wells had 24-hour IPs of 2,479 boepd. The 11th Fort Berthold well completed in the first quarter was a single lease-saving well drilled on what Stanley referred to as the "eastern edge of the Middle Bakken reservoir," and that well had a 24-hour IP of 836 boepd.

Stanley also said the company is making changes in its well design to lower costs with a target of \$11 million "gross completed all-in well cost" or less moving forward.

Williston Basin stake

QEP currently holds more than 117,000 net acres in the Williston Basin. Most of that acreage is in the company's South Antelope and Fort Berthold areas, but the company has acreages scattered across Williams and McKenzie counties.

As of the end of March 2013, QEP ranked 12th among North Dakota oil producers averaging 19,240.2 bopd. However, because NDIC only processes data from wells that are operated by each producer, that average daily production number does not include wells operated by other companies in which QEP may have an interest, or oil from QEP-operated wells that belong, in part, to other companies.

—MIKE ELLERD

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LAND HOLDINGS

lion acres from 1.2 million entering 2012, but its net interest was virtually unchanged at 1 million acres.

Others expanding

Others who pursued an expansion path included Renegade Petroleum, an emerging player in Saskatchewan, Manitoba, Alberta and North Dakota, which ended 2012 with 244,792 gross acres (221,221 net) compared with the previous year's 117,724 gross acres (105,325 net).

LGX Oil + Gas (formerly Bowood Energy), which is heavily committed to the Alberta Bakken, started 2013 with 209,619 gross acres (186,477 net), up from 194,390 gross (150,519 net) a year earlier.

Legacy Oil + Gas, which sold some of its assets to LGX, remains among the most active operators in Saskatchewan and Manitoba and also has interests in North Dakota.

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FRASER STUDY

Security, said the U.S. strengths are "seen in its growing production of oil and natural gas, its vast reserves of coal, as well as ongoing reductions in gasoline consumption due to the use of domestic biofuels."

"It is hard to overemphasize the impact the revolution in shale oil and gas is having on U.S. energy security," he wrote.

An International Index of Energy Security Risk, IIESR, published by the U.S. Chamber of Commerce noted that the Keystone XL pipeline, while primarily designed to ship oil sands bitumen to U.S. Gulf Coast refineries, would also help boost U.S. production by offering an alternative route for Bakken crude by removing a bottleneck that could limit production.

The Fraser Institute study argued that the energy security of one country is inextricably linked to energy security abroad.

For instance, in the 1990s the growth in oil reserves reported in Iran, Iraq, Saudi Arabia and Venezuela led to sharply rising supply risks.

The large drop in risk reported in 2003 is almost entirely due to the addition of 175 billion barrels of Canadian oil sands reserves.

New infrastructure needed

"Clearly, Canada's energy potential is enormous," Green said. "But we need new infrastructure to transport our energy to diverse markets, bringing immeasurable benefits to all Canadians," he said.

The study noted that Canada's energy security is about average compared with

Its land holdings shrunk during 2012 to 408,194 gross acres (318,758 net) from the previous year's 593,720 gross acres (446,721 net).

Bellatrix Exploration, with key stakes in the Bakken and Viking formations of Western Canada, pulled back to 312,160 gross acres (206,638 net) from 354,351 gross (224,559 net) at the end of 2011.

Undeveloped holdings up

Overall, undeveloped land holdings in Canada rose by 3.18 million gross acres in 2012 to 224 million acres, with net stakes increasing by 5.57 million acres to 154.86 million acres.

Leading the list of gross acreage holders, mostly tied to oil sands properties, were Royal Dutch Shell at 36.18 million, Chevron Canada 26.92 million, Canadian Natural Resources 17 million, Total 16.6 million, Husky Energy 13.1 million and Suncor Energy 12.5 million. ●

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"Today, the greatest risks to Canadian energy security are a by-product of U.S. policy, which has led to vastly higher U.S. production of oil and natural gas and decreasing gasoline consumption, stifling demand for Canadian petroleum products."

—Kenneth Green, senior director, Fraser Institute

other Organization for Economic Cooperation and Development nations, but it has the resources to improve its own security and can improve the security of other countries by expanding oil sands growth.

Green said that energy security for Canada equates to "free participation in global energy markets and capturing the economic benefits of increased energy development."

"Today, the greatest risks to Canadian energy security are a by-product of U.S. policy, which has led to vastly higher U.S. production of oil and natural gas and decreasing gasoline consumption, stifling demand for Canadian petroleum products," he said.

According to the IIESR, which compared the energy endowments, trade and risk policy factors of 25 large energy-consuming countries from 1980 to 2010, Canada ranks eighth in the world, with a score very close to the OECD average, and comes in one spot below the U.S.

—GARY PARK

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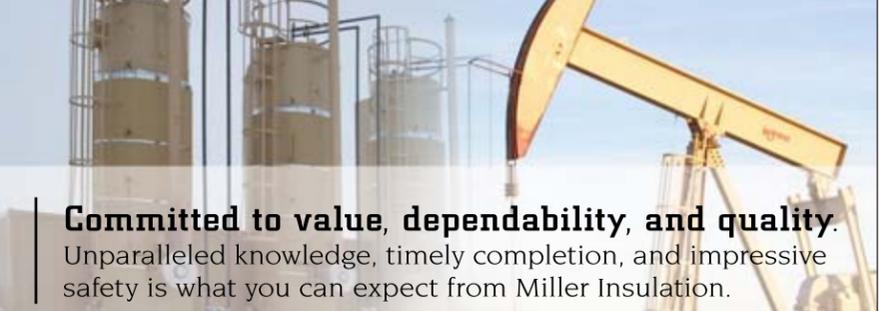
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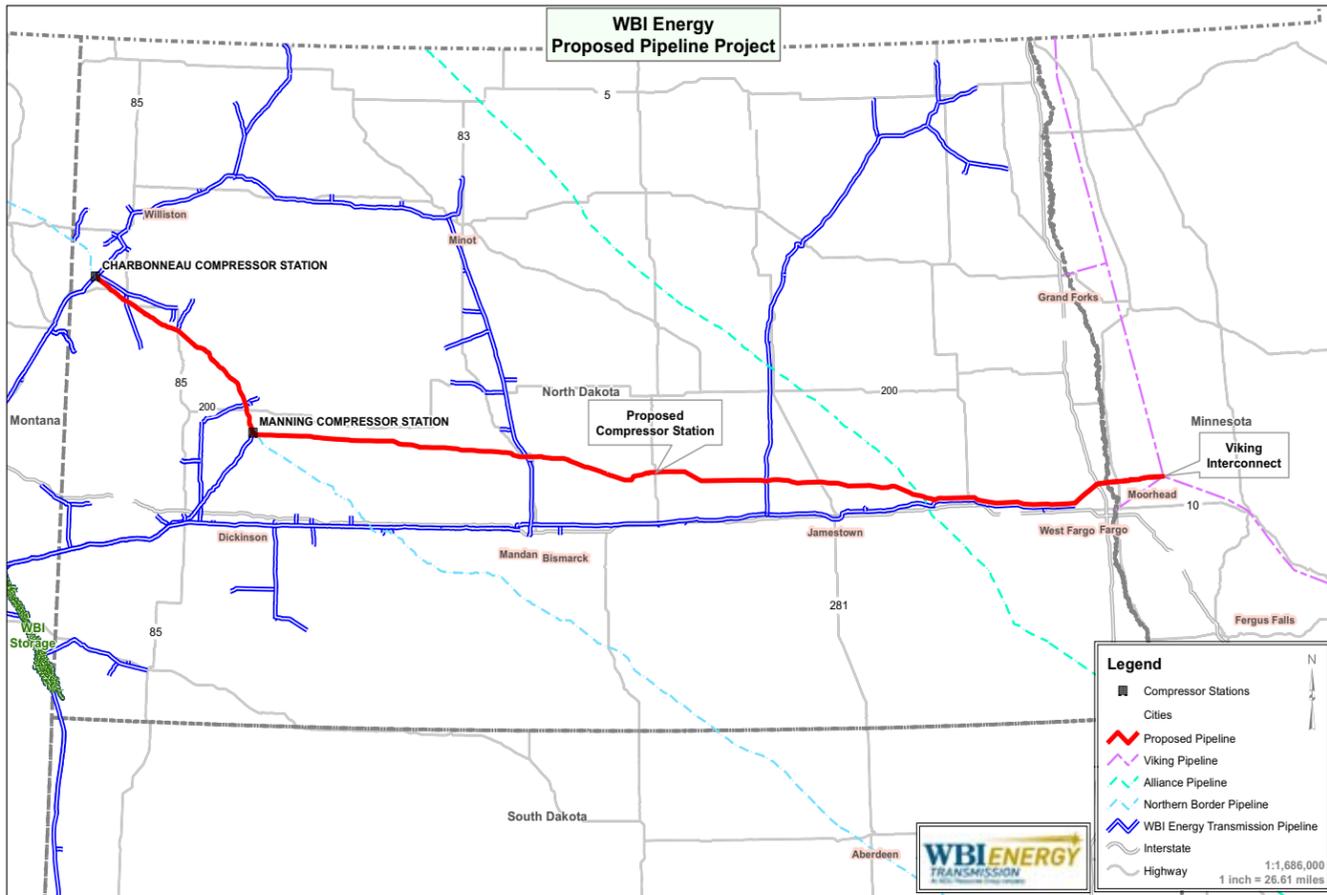
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PIPELINE NETWORK

inch diameter pipeline, and the project would include two new compressor stations, the company said.

The pipeline has been initially designed to transport about 400 million cubic feet per day of natural gas and, depending on user commitments, could be expanded to more than 500 million cubic feet per day.

Estimated at \$650-700 million

The project investment is estimated to be between \$650 million and \$700 million.

“This project would be the largest single pipeline construction project in our company history,” noted Steven L. Bietz, president and chief executive officer of WBI Energy.

Long-term capacity commitments on the proposed pipeline will be sought during an open season expected to begin in late summer, WBI said, adding that following receipt of capacity commitments and necessary permits and regulatory approvals, construction on the new pipeline would begin in early 2016 with completion expected by late 2016.

Since 2010, WBI has invested over \$150 million in energy development projects in North Dakota, including the acquisition of midstream assets near Belfield and the Dakota Prairie Refining diesel plant currently under construction near Dickinson.

The new pipeline project, combined with recent and ongoing projects, would bring the company’s total Bakken-related investment to nearly \$1 billion.

To a much lesser degree, natural gas production is expected to increase along with the more valuable oil from the Bakken petroleum system. However, the gas ratio per well is expected to increase at a faster rate because oil is declining at a faster rate than gas per well.

A Bentek Energy study released in July 2012 expects an increase in Williston gas production from an average of about 536 million cubic feet per day in 2011 to 2.1 billion cubic feet per day in 2017 and 3.1 billion cubic feet per day in 2025.

More than 3,700 miles

WBI Energy now owns and operates more than 3,700 miles of natural gas transmission and gathering pipeline spanning major portions of North Dakota, South Dakota, Montana and Wyoming. The company also owns, leases and operates 33 compressor stations in this region.

Three underground storage fields in Montana and Wyoming provide storage services to local distribution companies, producers, natural gas marketers and others, and serve to enhance system deliverability. WBI’s system is strategically located near five natural gas-producing basins, making natural gas supplies available to the company’s transportation and storage customers.

WBI’s system has 13 interconnecting points with other pipeline facilities, allowing for the receipt and delivery of natural gas to and from other regions of the country and from Canada.

In addition to WBI, Northern Border Pipeline and Alliance Pipeline also are main interstate system providers currently serving the Williston. The remaining gas being produced in the basin that is not consumed locally or delivered to these interstate pipelines is flared because of inadequate gas gathering and processing infrastructure.

—RAY TYSON

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