

Petroleum n e w s

BAKKEN



page PNB looks back at five months
3 of North Dakota IPs

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Publication of record for the Bakken oil and gas industry

Week of June 7, 2015 • \$2.50

Below the bluffs



MAXINE HERR

An Oxy USA well in production in late April along Highway 22 about 18 miles north of Dickinson, North Dakota.

Enable completes first phase of second Bakken gathering system

Oklahoma-based Enable Midstream has completed construction on the first phase of its Nesson crude oil and water gathering system in southeast Williams and western Mountrail counties as construction proceeds on the second phase of the system.

The first phase of the Nesson system went into service May 7 providing service to XTO Energy with a maximum throughput of 1,800 bpd into downstream delivery. The second phase of construction on the Nesson system began in April and when complete at the end of 2015 the project will include more than 160 miles of pipeline and 69 origin points to gather crude oil and produced water with a throughput capacity of 30,000 bpd.

"Our customers continue to have a need for the delivery of energy to key markets," said Enable Midstream President and CEO Lynn Bourdon in a statement. "We have a proven track record of effectively and efficiently deploying capital to meet

see **ENABLE SYSTEM** page 12

Crescent Point Energy acquires Legacy Oil + Gas for C\$1.53B

Crescent Point Energy and Legacy Oil + Gas announced May 26 that Crescent Point is acquiring all Legacy's issued and outstanding shares in a transaction valued at C\$1.53 billion which includes approximately C\$967 million in Legacy debt.

In the deal, which is expected to close at the end of June, Crescent Point picks up approximately 640,000 net acres with about 22,000 barrels of oil equivalent per day of production.

More than 15,000 boepd is conventional and unconventional production in Crescent Point's core areas in southeast Saskatchewan, southwest Manitoba and northwest North Dakota.

While some industry analysts view the deal as generally positive for Crescent Point, the Calgary, Alberta-based company's stock fell nearly 5 percent on the Toronto Stock and the New York stock exchanges on May 27, the day after the acquisition was announced.

As Petroleum News Bakken previously reported, Legacy has
see **LEGACY ACQUISITION** page 12

MOVING HYDROCARBONS

Building support

Energy Transfer strives for landowner cooperation for Dakota Access

By MAXINE HERR

For Petroleum News Bakken



JULIE FEDORCHAK

North Dakota's largest proposed oil pipeline project is striving for easements — a factor that could affect the state Public Service Commission's decision whether to grant a siting permit.

Energy Transfer Partners' \$3.8 million Dakota Access Pipeline would transport approximately 450,000 barrels of oil per day from Stanley to Patoka, Illinois, crossing South Dakota and Iowa with capacity as high as 570,000 bpd. That capacity represents about half

of the Bakken's current daily production.

The 1,134-mile, 30-inch diameter pipeline has full capacity customer commitments and is still aiming for 100 percent of landowner easements. As of May 28 when the first of three public hearings for the siting permit was held in Mandan, Energy Transfer only had 56 percent of easement approvals. While the PSC does not require a certain percentage, Commissioner Julie Fedorchak would like to see greater support from landowners.

see **DAKOTA ACCESS** page 10

LAND & LEASING

Slightly more interest

Montana DNRC's June oil and gas lease auction beats March, but not by a lot

By MIKE ELLERD

Petroleum News Bakken

The June average is the third lowest since the December 2009 auction when 151,911 acres averaged \$6.68 per acre.

The average price per acre in the Montana Department of Natural Resources and Conservation Mineral Management Bureau's June 2 oil and gas lease auction was more than five times higher than the previous auction average in March.

However, at only \$8.17 per acre, the June average still ranks as one of the lowest in recent years. There was slightly more interest in the June auction compared to March when for the first time since 1971 not a single bid was received on any of the 35,292 acres above the minimum of \$1.50

required for nomination. The June average is the third lowest since the December 2009 auction when 151,911 acres averaged \$6.68 per acre.

Of the 19,504 acres leased in the auction, 12,464 acres did not receive a bid and were leased for the \$1.50 minimum, but of the remaining 7,040 acres bids ranged from \$1.75 to \$210 per acre. A 160-acre tract in Roosevelt County in eastern Montana brought the \$210 high bid, and an

see **JUNE AUCTION** page 9

COMPANY UPDATE

Cross Timbers to XTO

Petroleum News Bakken takes an in depth look at Exxon Mobil Corp. subsidiary

By MIKE ELLERD

Petroleum News Bakken

As U.S. oil producers cut capital expenditure budgets and scale back operations in response to a stressed global crude oil market, ExxonMobil imposed one of the smallest overall 2015 capex reductions among U.S. oil producers, which is reflected in the activity of its subsidiary XTO Energy which has held steady if not actually increased in recent months.

As Petroleum News Bakken previously reported, ExxonMobil Chairman and CEO Rex Tillerson told industry analysts in March that he expects



XTO's average 2015 rig count to be close to the 13 rigs the subsidiary averaged in 2014. Tillerson also said XTO put 144 new Bakken wells on production and increased net Bakken production by 34 percent.

In April, XTO filed applications with the North Dakota Industrial Commission seeking authorization to drill as many as 610 wells on 73 drill spacing units in Williams and McKenzie counties, by far the largest number of wells requested by any Bakken operator in 2015. Also in April, XTO filed applications seeking the creation of four new

see **XTO ANALYSIS** page 11

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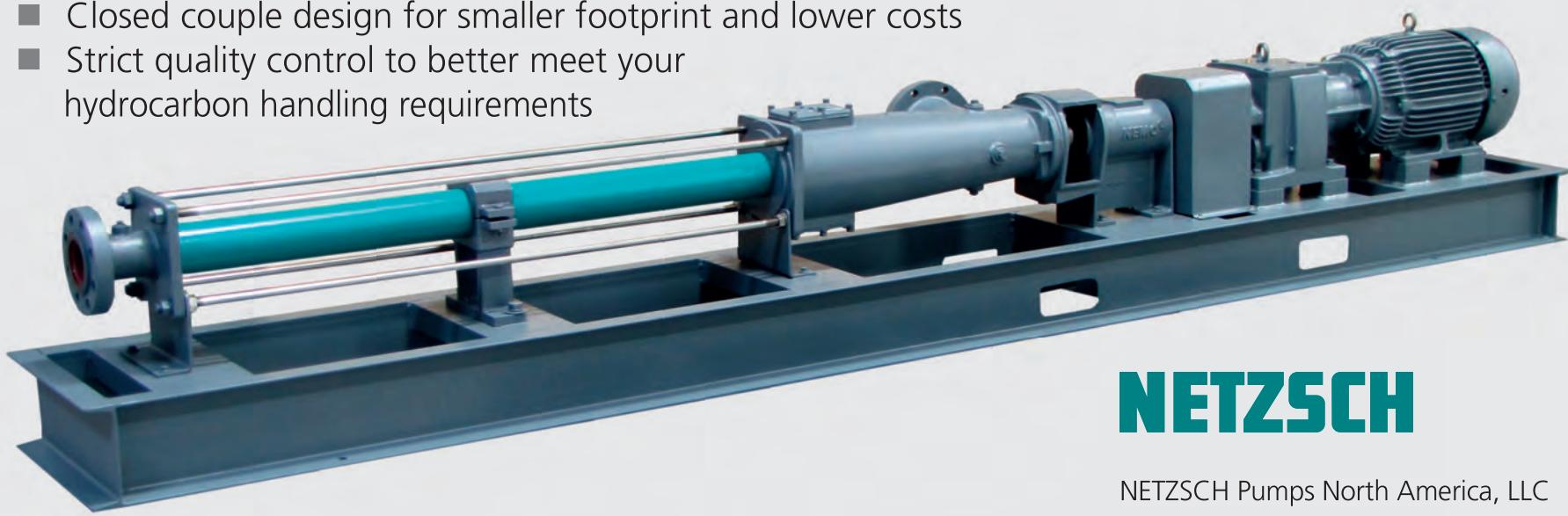
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● DRILLING & COMPLETION

A look at five months of North Dakota IPs

A total of 900 initial production volumes were reported in ND from January through May averaging 1,415 boe, 52% water cut

By MIKE ELLERD

Petroleum News Bakken

As North Dakota looks ahead to summer and a potential reduction in the backlog of wells awaiting completion in the state, Petroleum News Bakken took a look back at trends in the 24-hour initial production volumes that operators reported to the Department of Mineral Resources over the first five months of the year.

Although 30-day, 60-day, 90-day and 120-day IPs are a better predictor of a well's long-term performance, DMR only requires that operators report 24-hour IPs to the state once wells are off confidential status. Thus, 24-hour IPs are the only consistently available metric for evaluating the performance of North Dakota oil wells.

Between Jan. 1 and May 31, operators reported completing and putting on production 900 Bakken oil wells in the state — slightly more than the estimated backlog of 880 wells that were drilled but not completed at the end of March according to the latest data available from DMR.

Since the first of the year, the number of IPs reported per week has been steadily decreasing with the highest number reported during the week of Jan. 6 at 69 and the lowest during the week of May 19 at 17. Over the five month period, the weekly average was 41 IPs reported to the state.

Highs, lows and averages

The IPs, measured in barrels of oil produced in the first 24-hours of production, averaged 1,182 barrels over the first five months of the year and ranged from a high of 6,002 barrels from an upper Three Forks well in the Twin Valley field in northern McKenzie County to a low of 24 barrels from an upper Three Forks well in the Cow Creek field in southern Williams County. However, through April that low IP well averaged 187 barrels per day over 241 days of production. The 6,002 IP stands as a record high oil IP for North Dakota, and through April that well averaged 1,455 bpd over 239 days of production.

Natural gas IPs ranged from zero gas produced in the first 24 hours as measured and reported in thousand cubic feet to a high of 12,706 mcf. The high came from a well on the same pad as the high IP oil well in the Twin Valley field. That well, completed in the middle Bakken formation, had an oil IP of 5,002 barrels.

Combining initial oil and gas production into barrels of oil equivalent using a conversion of 6 mcf of gas per barrel of oil, the highest IP was from the record high IP well in the Cow Creek field at 7,824 boe, also a record for the state. The low combined IP over the five-month period was 33 boe from the well with the oil IP of 24 barrels which produced 55 mcf of gas. Overall, the 900 wells had an average combined 24-hour IP of 1,415 boe.

Water cuts, the percent of water in the total volume of oil and gas produced in the first 24 hours, ranged from zero reported water to a high of 98 percent water. Overall, the 900 wells had an average water cut of 52 percent.

IPs by county

The 900 IPs reported in the first five months of the year came from wells

North Dakota 24-Hour Initial Production Data by County													
County	IPs Reported	Oil (barrels)			Gas (thousand cubic feet)			Barrels of oil equivalent			Water Cut (percent)		
		Max	Min	Average	Max	Min	Average	Max	Min	Average	Max	Min	Average
Billings	9	2,873	50	1,601	3,420	7	1,838	3,443	51	1,908	89	36	61
Burke	15	546	103	289	922	0	297	700	113	339	94	43	74
Divide	51	871	163	426	894	45	321	1,020	180	479	92	11	66
Dunn	121	4,447	80	1,481	4,804	0	1,331	5,248	10	1,689	94	24	55
McKenzie	333	6,002	58	1,521	12,706	0	2,256	7,824	66	1,897	98	2	43
McLean	1	2,388	2,388	2,388	1,810	1,810	1,810	2,690	2,690	2,690	54	54	54
Mountrail	174	2,454	60	902	2,297	0	711	2,696	71	1,021	97	0	50
Stark	22	2,076	201	973	2,132	63	806	2,355	212	1,107	87	27	49
Williams	174	3,454	24	905	3,961	7	963	3,884	33	1,060	98	2	52
TOTAL/MAX/MIN/AVE	900	6,002	24	1,182	12,706	0	1,401	7,824	33	1,415	98	0	52

A: Averages calculated from all 900 IPs
Source: North Dakota Department of Mineral Resources Oil and Gas Division

spread across nine western North Dakota counties (see table). The number of IPs per county ranged from 333 in McKenzie County to one in McLean County.

Maximum oil IPs among the nine counties ranged from the 6,002-barrel high in McKenzie County to a 546-barrel high in Burke County. Average county

IPs ranged from 289 barrels in Burke County to 2,388 barrels in McLean County, although with only one reported IP, the McLean County average is not an entirely valid comparison point. Billings County averaged 1,601 barrels followed by McKenzie at 1,521 barrels and Dunn at 1,481 barrels. All other county aver-

ages were below 1,000 barrels with Burke and Divide counties bringing in the lowest averages (see table).

McKenzie County had the highest gas IP at 12,706 mcf as well as the highest average gas IP at 2,256 mcf. The nine

see ND VOLUMES page 4

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LAND & LEASING

NDTL accepting August nominations

The Minerals Management Division of the North Dakota Department of Trust Lands is accepting nominations for the next oil and gas lease auction. Tract nominations for the August lease auction must be delivered to the Minerals Management Division's office in Bismarck no later than 5 p.m. Central Daylight Time June 19. The auction will be held at AmericInn Conference Center in Medora beginning at 9 a.m. CDT Aug. 4.

In addition to the conventional live auction, the Minerals Management Division is also offering certain leases in an online auction through its Internet auction provider EnergyNet. Between 25 and 30 tracts will be offered in the online auction and will be selected from nominations already received. Any tracts nominated after June 1 will be offered in the live auction.

The start date and time for the online auction have not yet been determined, but bidding in that auction is scheduled to close on July 28, one week prior to the live auction.

As Petroleum News Bakken reported May 17, Trust Lands is considering transitioning completely to online auctions. In June 2012, Trust Lands entered into a five-year contract with EnergyNet and until now has used that service to lease tracts between the state's legislatively mandated quarterly lease auctions. The August auction is the first pilot test to evaluate the viability of moving solely to online auctions.

Land Commissioner Lance Gaebe told Petroleum News Bakken that attendance has been dwindling at recent live auctions to the extent that some tracts have brought only the minimum \$1 bid because there were no second bidders. Trust Lands has been publicly discussing the idea of moving exclusively to online auctions for the last two years but only recently made the decision to go ahead and pilot test the approach.

MIKE ELLERD



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GOVERNMENT

EPA WOTUS rule finalized, criticized

The U.S. Environmental Protection Agency finalized its Waters of the U.S. rule on May 27 to protect the nation's streams and wetlands from pollution and degradation.

The rule provides greater definitions of what is regulated under WOTUS, which EPA said will make "permitting less costly, easier, and faster for businesses and industry." EPA insists the rule does not create any new permitting requirements for agriculture or threaten private property rights, and maintains all previous exemptions and exclusions.

"For the water in the rivers and lakes in our communities that flow to our drinking water to be clean, the streams and wetlands that feed them need to be clean too," said EPA Administrator Gina McCarthy. "Protecting our water sources is a critical component of adapting to climate change impacts like drought, sea level rise, stronger storms, and warmer temperatures — which is why EPA and the Army (U.S. Army Corps of Engineers) have finalized the Clean Water Rule to protect these important waters, so we can strengthen our economy and provide certainty to American businesses."

North Dakota doesn't agree

But North Dakota Sen. John Hoeven contends that the rule poses a "big problem" for farmers, ranchers and job creators and he remains committed to stopping what he considers to be federal overreach.

"We will continue our efforts to either rescind the rule through legislation or defund it through the appropriations process," he said in a statement.

North Dakota Gov. Jack Dalrymple pressed McCarthy on a May 27 conference call to reconsider the rule since the state already has laws in place to manage and protect its waters.

"Throughout the entire rule-making process, we have been very clear that any attempt to expand federal authority over small wetlands, potholes and other isolated water bodies is unworkable and a disregard of states' jurisdictional authority," Dalrymple said. "The EPA contends that the final rule provides more clarity, but the major concern still exists that this rule gives the EPA and the U.S. Corps of Engineers the authority to regulate virtually all types of water, including seasonal streams, ponds and ditches."

EPA's jurisdiction has traditionally been limited to "navigable waters" — large bodies of water that can support interstate commerce — but the new EPA rule redefines "navigable" giving the agency authority over any body of water that connects to rivers and their tributaries. Dalrymple believes the rule poses significant problems in North Dakota, which is part of the Prairie Pothole Region, where ordinary high-water marks and 100-year floodplains constantly change and could lead to an expansion of EPA jurisdiction. The proposed rules released in April 2014 included subjecting countless small wetlands, creeks, stock ponds and ditches to federal permitting, compliance costs and litigation. Since then, Hoeven has joined bipartisan colleagues in attempts to rescind the proposed rule and require EPA to begin the process again with greater input from stakeholders.

—MAXINE HERR

continued from page 3

ND VOLUMES

Billings County wells had an average gas IP of 1,838 mcf followed by the lone well in McLean County at 1,810 mcf and the 121 Dunn County wells that averaged 1,331 mcf. The lowest average gas IPs were in Burke and Divide counties.

The one well in McLean County had a combined IP of 2,690 boe, followed by the nine Billings County wells that averaged 1,908 boe. McKenzie County averaged 1,897 boe, and Dunn averaged 1,689 boe. Only Burke and Divide counties had average combined IPs below 1,000 boe.

The number of IPs per county ranged from 333 in McKenzie County to one in McLean County.

Maximum water cuts ranged from 87 percent to 98 percent in eight counties with the lone well in McLean County having a 51 percent water cut. The average county water cuts ranged from 43 percent in McKenzie County to 74 percent in Burke County. Several wells in the Parshall field in Mountrail County had no reported water production. ●

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• BAKKEN COMMENTARY

Three Forks wells dominate week's top 10 IPs

MIKE ELLERD

Petroleum News Bakken

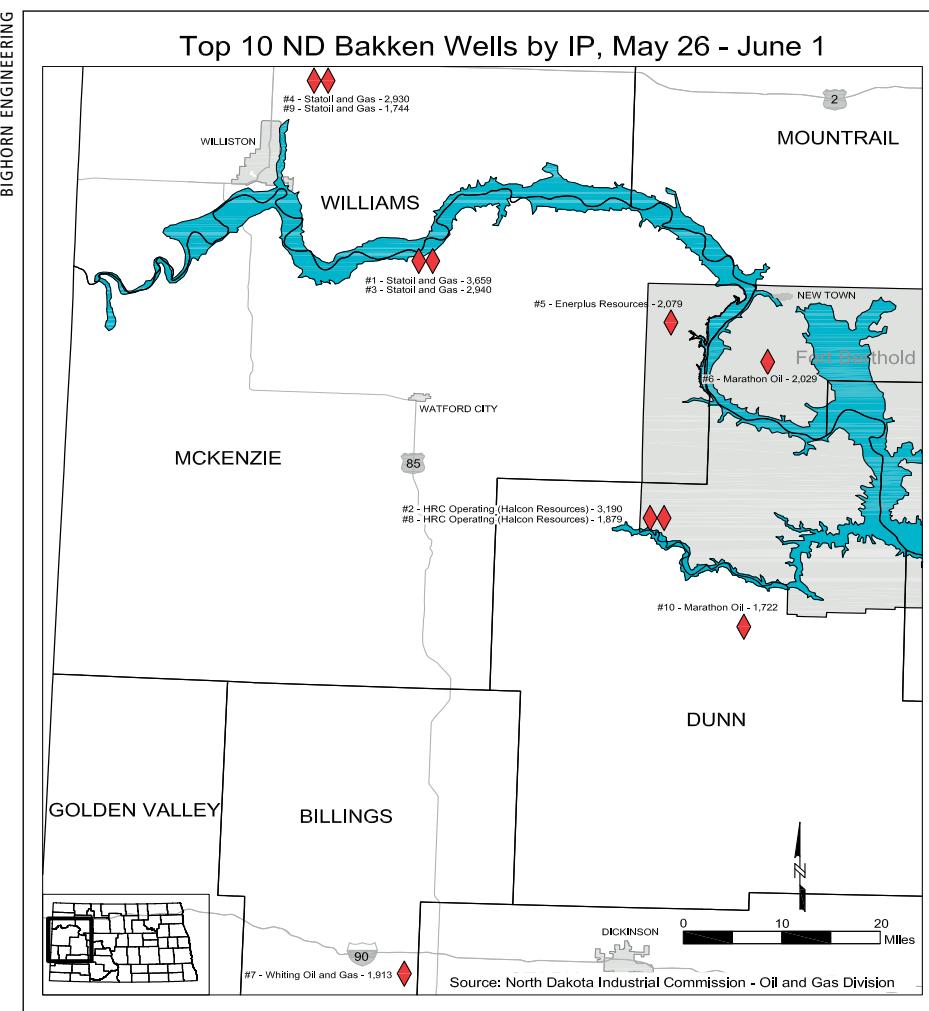
Among the initial production, IP, volumes reported to the North Dakota Department of Mineral Resources between May 26 and June 1 are two which broke the 3,000 barrel mark (see page 8). And six of the top 10 IPs reported for the period are from Three Forks wells.

For the sixth time in 2015, Statoil came in with the top IP reported for the week, this time from a Three Forks well in the Banks field in north-central McKenzie County (see map) with an IP of 3,659 barrels. Halcon Resources, filing as HRC Operating, had the No. 2 IP from a middle Bakken well in the Eagle Nest field on the Fort Berthold Indian Reservation in northern Dunn County which produced 3,190 barrels in the first 24 hours of production.

Another Three Forks well on the same Statoil pad came in with the No. 3 IP at 2,940 barrels. Yet another Three Forks well on the same Halcon pad filled the No. 8 spot at 1,879 barrels.

Statoil picked up two more spots on the top 10 IPs for the week with two more Three Forks wells, those on a common pad in the East Fork field in central Williams County at 2,930 and 1,744 barrels filling the Nos. 4 and 9 spots.

Enerplus picked up the No. 5 IP with a middle Bakken well in the Antelope field on the FBIR in far northeast McKenzie County at 2,079 barrels. A Marathon middle Bakken well in the Reunion Bay field in the Van Hook peninsula in southwest Mountrail County filled the No. 6 spot at



1,913 barrels.

In the No. 7 spot is a Whiting well completed in the Pronghorn sand formation in western Billings County with an IP of 1,913 barrels — the seventh Whiting Pronghorn well to make the top 10 IP this year.

Rounding out this week's top 10 list is a Marathon Three Forks well in the

Bailey field in central Dunn County at 1,722 barrels.

A total of 40 IPs were reported to the North Dakota Department of Mineral Resources between May 26 and June 1 (see page 6), slightly below the average of 42 IPs reported per week thus far in 2015. Last week only 19 IPs were reported, a tie for the fewest IPs reported in

2015.

The top 10 IPs for the week averaged 2,409 barrels, which is the seventh highest top 10 IP average reported in the first 22 weeks of 2015. The average of last week's top 10 IPs was the lowest thus far in 2015 at just 1,314 barrels.

Petroleum News Bakken evaluated all IPs reported for non-confidential wells through the first five months of 2015 (see story on page 3). However, because the cutoff for that evaluation was May 31, some of the IPs in this week's statistics section were not included.

ND Permitting

North Dakota issued a total of 22 drilling permits between May 26 and June 1 (see page 7), the fewest permits issued in any week so far in 2015 and nearly half the 41 permits issued last week. Those 22 permits were spread out over seven western North Dakota counties (see page 8).

Hess Corp., operating as Hess Bakken Investments II, was issued the most permits at five, four in McKenzie County and one in Williams County. QEP was issued four permits in Dunn County, and ConocoPhillips subsidiary Burlington Resources was issued three permits in McKenzie County. EOG Resources received two permits in Mountrail County; Sinclair received two in Dunn County; and SM Energy and Crescent Point received two permits each in Divide County. Luff Exploration was issued one permit in Bowman County, and Ballard Petroleum received one permit in Bottineau County. ●



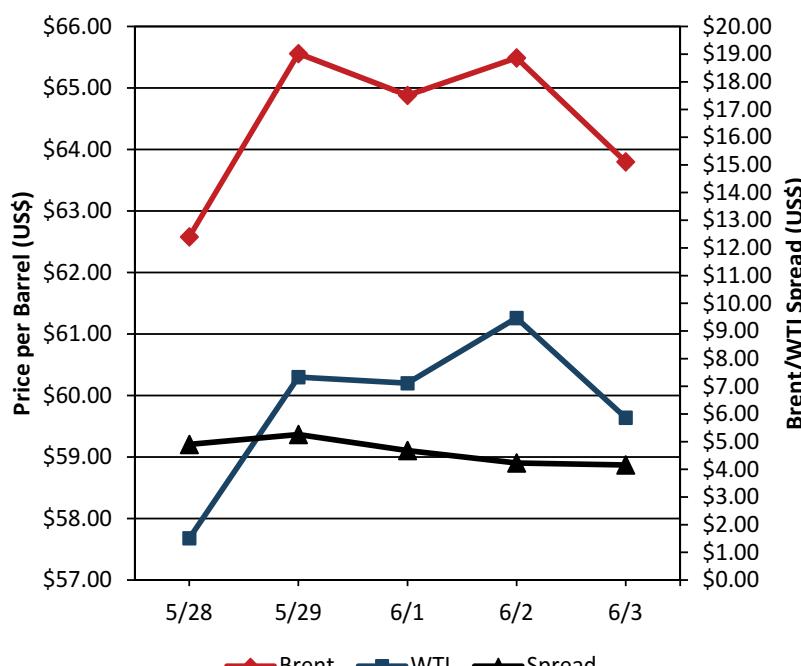
Brent and WTI prices & spread

May 28-June 3, 2015

Delivery Month: July

	5/28	5/29	6/1	6/2	6/3	Change
Brent	\$62.58	\$65.56	\$64.88	\$65.49	\$63.80	\$1.22
WTI	\$57.68	\$60.30	\$60.20	\$61.26	\$59.64	\$1.96
Spread	\$4.90	\$5.26	\$4.68	\$4.23	\$4.16	-\$0.74

Weekly Summary



Source: CME Group



Bakken producers' stock prices

Closing prices as of June 3 along with those from previous Wednesday

Company	Exchange	Symbol	Closing price	Previous Wed.
Abraxas Petroleum Corporation	NASDAQ	AXAS	\$3.07	\$2.87
American Eagle Energy Corporation	NYSE	AMZG	\$0.03	\$0.04
Arsenal Energy USA, Inc.	TSE	AEI	\$3.60	\$3.70
Baytex Energy USA Ltd.	NYSE	BTE	\$17.23	\$16.58
Burlington Resources Co., LP (ConocoPhillips)	NYSE	COP	\$63.80	\$63.82
Condor Petroleum	TSE	CPI	\$0.18	\$0.19
Continental Resources, Inc.	NYSE	CLR	\$45.92	\$45.35
Crescent Point Energy US Corporation	TSE	CPG	\$28.03	\$28.19
Denbury Onshore, LLC	NYSE	DNR	\$7.27	\$7.26
Emerald Oil, Inc.	NYSEMKT	EOX	\$5.45	\$6.10
Enerplus Resources USA Corporation	NYSE	ERF	\$9.53	\$9.65
EOG Resources, Inc.	NYSE	EOG	\$88.98	\$89.00
Fidelity Exploration & Production (MDU)	NYSE	MDU	\$20.92	\$20.87
Halcon Resources	NYSE	HK	\$1.30	\$1.06
Hess Corporation	NYSE	HES	\$66.76	\$67.22
Legacy Reserves Operating LP	NASDAQ	LGY	\$9.95	\$10.63
Marathon Oil Company	NYSE	MRO	\$27.08	\$27.58
Mountain Divide, LLC (Mountainview Energy)	CVE	MVW.V	\$0.03	\$0.03
Newfield Production Company	NYSE	NFX	\$36.26	\$37.38
Northern Oil and Gas	NYSE	NOG	\$7.17	\$6.96
Oasis Petroleum North America	NYSE	OAS	\$16.68	\$17.04
Oxy USA, Inc. (Occidental Petroleum)	NYSE	OXY	\$78.37	\$78.82
PetroShale Inc.	CVE	PSH	\$1.38	\$1.44
QEP Energy Company	NYSE	QEP	\$18.77	\$19.11
Samson Resources Company (KKR & Co.)	NYSE	KKR	\$23.19	\$22.98
SM Energy Company	NYSE	SM	\$51.58	\$53.20
Statoil Oil and Gas LP	NYSE	STO	\$18.65	\$18.79
Triangle USA Petroleum Corporation	NYSE	TPLM	\$5.05	\$5.03
Whiting Oil and Gas Corporation	NYSE	WLL	\$33.37	\$32.83
WPX Energy Williston, LLC	NYSE	WPX	\$13.03	\$12.99
XTO Energy, Inc. (ExxonMobil)	NYSE	XOM	\$84.96	\$85.11



IPs for ND Bakken wells

May 26-June 1, 2015

This chart contains initial production rates, or IPs, for active wells that were filed as completed with the state of North Dakota from May 26-June 1, 2015 in the Bakken petroleum system, which includes formations such as the Bakken and Three Forks. The completed wells that did not have an available IP rate (N/A) likely haven't been tested or were awarded confidential (tight-hole) status by the North Dakota Industrial Commission's Department of Minerals. This chart also contains a section with active wells that were released from confidential status during the same period, May 26-June 1. Again, some IP rates were not available (N/A). The information was assembled by Petroleum News Bakken from NDIC daily activity reports and other sources. The name of the well operator is as it appears in state records, with the loss of an occasional Inc., LLC or Corporation because of space limitations. Some of the companies, or their Bakken petroleum system assets, have been acquired by others. In some of those cases, the current owner's name is in parenthesis behind the owner of record, such as ExxonMobil in parenthesis behind XTO Energy. If the chart is missing current owner's names, please contact Ashley Lindly at alindly@petroleumnewsbakken.com.

County (Co.) abbreviations are as follows — BIL: Billings, BOT: Bottineau, BOW: Bowman, BRK: Burke, DIV: Divide, DUN: Dunn, GDV: Golden Valley, MCH: McHenry, MCK: McKenzie, MCL: McLean, MER: Mercer, MNT: Mountrail, REN: Renville, SLP: Slope, STK: Stark, WRD: Ward, WIL: Williams

IPs for completed North Dakota wells												
NDIC No.	Well Name	Field	Location	Spacing	Co.	Geologic Target	Wellbore Type	Total Depth	IP Test Date	IP Rate (bbl)	IP Nat. Gas (mcf)	IP Water (bbl)
Burlington Resources Oil and Gas (ConocoPhillips)												
28778	Hammerhead 11-26MBH	Sand Creek	NENW 26-153-97	2SEC	MCK	Bakken	horz.	20,650'	5/18/15	1,483	3,151	1,603
Hess Bakken Investments II												
28375	AN-Brenna- LE-153-94-3129H-2	Antelope	LOT1 3-152-95	4SEC	MCK	Sanish	horz.	17,695'	5/6/15	974	1,409	140
28543	BW-Arnegard State- 151-100-3625H-6	Sandrocks	SWSW 36-151-100	2SEC	MCK	Bakken	horz.	21,078'	5/3/15	1,107	1,551	419
28871	GO-Hodenfield- 157-97-0607H-2	Ray	SESE 31-158-97	2SEC	WIL	Bakken	horz.	20,714'	5/5/15	659	692	495
28872	GN-Halseth 158-97-3130H-2	New Home	SESE 31-158-97	2SEC	WIL	Bakken	horz.	20,000'	5/11/15	594	722	799
29348	SC-Ellingsberg- 154-98-3229H-4	Truax	SWSW 32-154-98	2SEC	WIL	Bakken	horz.	20,895'	5/7/15	927	1,410	281
29349	SC-Ellingsberg- LW-154-98-3229H-1	Truax	SWSW 32-154-98	2SEC	WIL	Bakken	horz.	21,101'	5/6/15	656	935	451
29818	SC-Norma- LE-154-98-0706H-1	Truax	SESE 7-154-98	4SEC	WIL	Bakken	horz.	20,619'	5/21/15	915	1,318	387
29165	SC-Norma- LE-154-98-0705H-2	Truax	SESE 7-154-98	ICO	WIL	Bakken	horz.	20,679'	5/7/15	739	1,167	558
Marathon Oil												
29172	Berlin 41-25H	Reunion Bay	NENE 25-151-93	2SEC	MNT	Bakken	horz.	20,500'	3/21/15	2,029	1,279	1,467
28268	Dickey 11-30TFH	Reunion Bay	NENE 25-151-93	2SEC	MNT	Bakken	horz.	21,084'	3/28/15	1,096	545	749
28271	Elwood 41-25TFH	Reunion Bay	NENE 25-151-93	2SEC	MNT	Bakken	horz.	20,557'	4/8/15	1,252	862	1,228
28702	Krebs 34-20TFH	Bailey	NWNE 29-146-93	2SEC	DUN	Bakken	horz.	21,105'	3/10/15	1,722	748	1,486
28270	Zook 41-25TFH	Reunion Bay	NENE 25-151-93	4SEC	MNT	Bakken	horz.	20,910'	4/3/15	1,637	1,046	1,432
Statoil Oil and Gas												
28506	Irgens 27-34 #6TFH	East Fork	NENE 27-156-100	2SEC	WIL	Bakken	horz.	21,014'	4/29/15	1,744	2,366	4,031
23751	Judy 22-15 4TFH	East Fork	NENE 27-156-100	2SEC	WIL	Bakken	horz.	20,916'	4/24/15	2,930	3,230	5,650
27824	Maston 34-27 #7TFH	Banks	SESW 34-153-98	2SEC	MCK	Bakken	horz.	21,290'	4/30/15	3,659	7,257	3,354
27810	Maston 34-27 #8TFH	Banks	SESW 34-153-98	2SEC	MCK	Bakken	horz.	21,375'	4/25/15	2,940	5,624	6,145
Whiting Oil and Gas												
29987	Brehm 12-27-2H	Sanish	SWNW 27-153-92	2SEC	MNT	Bakken	horz.	20,860'	4/30/15	542	580	1,856
29986	Brehm 12-27-3H	Sanish	SWNW 27-153-92	2SEC	MNT	Bakken	horz.	17,034'	5/1/15	616	600	1,093
XTO Energy (ExxonMobil)												
29117	Frisinger 34X-8D	Hofflund	SWSE 8-154-95	2SEC	WIL	Bakken	horz.	19,942'	4/9/15	1,651	2,063	1,810
29116	Frisinger 34X-8H	Hofflund	SWSE 8-154-95	2SEC	WIL	Bakken	horz.	19,789'	4/3/15	1,435	1,794	2,361
IPs for ND wells released from confidential status												
NDIC No.	Well Name	Field	Location	Spacing	Co.	Geologic Target	Wellbore Type	Total Depth	IP Test Date	IP Rate (bbl)	IP Nat. Gas (mcf)	IP Water (bbl)
Enerplus Resources												
27591	Monarch 152-94-32D-29H	Antelope	SESE 32-152-94	ICO	MCK	Sanish	horz.	19,755'	12/16/14	2,079	4,337	302
27590	Viceroy 152-94-32D-29H TF	Antelope	SESE 32-152-94	ICO	MCK	Sanish	horz.	19,972'	12/11/14	1,608	2,237	421
EOG Resources												
27764	Wayzetta 54-34H	Parshall	SWSE 34-153-90	SEC	MNT	Bakken	horz.	14,178'	11/27/14	834	358	1,255
27765	Wayzetta 57-3433H	Parshall	SWSE 34-153-90	2SEC	MNT	Bakken	horz.	15,731'	11/25/14	722	484	756
27750	Wayzetta 58-33H	Parshall	NWNW 33-153-90	SEC	MNT	Bakken	horz.	14,461'	11/24/14	467	486	0
27774	Wayzetta 60-3334H	Parshall	NENW 33-153-90	2SEC	MNT	Bakken	horz.	15,103'	11/30/14	739	433	0
Hess Bakken Investments II												
29270	EN-Cvancara- 155-93-1522H-7	Alger	SWSE 10-155-93	2SEC	MNT	Bakken	horz.	20,702'	4/11/15	948	1,179	513
29271	EN-Cvancara- 155-93-1522H-8	Alger	SWSE 10-155-93	2SEC	MNT	Bakken	horz.	20,704'	4/17/15	690	740	474
29860	SC-Ellingsberg- LW-154-98-3230H-2	Truax	SWSW 32-154-98	4SEC	WIL	Bakken	horz.	21,027'	4/29/15	923	1,536	467
HRC Operating (Halcon Resources)												
27456	Fort Berthold 148-95-26B-35-3H	Eagle Nest	NENW 26-148-95	2SEC	DUN	Bakken	horz.	21,150'	11/28/14	3,190	3,265	2,845
27458	Fort Berthold 148-95-26B-35-4H	Eagle Nest	NENW 26-148-95	2SEC	DUN	Bakken	horz.	21,264'	12/4/14	1,879	2,430	2,469
Samson Resources (KKR & Co.)												
29260	Dorado 2314-5H	Blooming Prairie	SWSE 23-162-98	2SEC	DIV	Bakken	horz.	18,393'	3/12/15	667	708	1,817
29259	Dorado 2314-7H	Blooming Prairie	SWSE 23-162-98	2SEC	DIV	Bakken	horz.	18,407'	3/13/15	327	390	2,410
Slawson Exploration												
29983	Phoenix 1 SLH	Big Bend	LOT4 1									



North Dakota oil permit activity

May 26-June 1, 2015

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

Permits issued									
Well Name	Location	Footages	Field	Geologic Target	Wellbore Type	Elev.	NDIC No.	API No.	NDIC date
Bottineau Co.									
Ballard Petroleum Holdings									
Barton Trust 31-30	NWNE 30-159-81	520'FNL and 2,119'FEL	Chatfield	N/A**	conf.	1,537'	31307	33-009-02450	5/27/15
Bowman Co.									
Luff Exploration									
Tescher P-25H	SESE 25-129-102	185'FSL and 900'FEL	Corey Butte	N/A**	conf.	2,822'	31304	33-011-01543	5/26/15
Divide Co.									
Crescent Point Energy U.S.									
CPEUSC Aldag 2MB-36-35-164N-100W	SESE 36-164-100	660'FSL and 300'FEL	West Ambrose	N/A*	conf.	2,095'	31320	33-023-01353	5/29/15
CPEUSC Aldag 2-35-36-164N-100W	SWSW 35-164-100	688'FSL and 348'FWL	West Ambrose	N/A*	conf.	2,133'	31321	33-023-01354	6/1/15
SM Energy									
Burtman 14-23HN	SESW 23-161-99	550'FSL and 1,625'FWL	Burg	N/A*	conf.	2,094'	31305	33-023-01351	5/27/15
Burtman 14-23HS	SESW 23-161-99	550'FSL and 1,675'FWL	Burg	N/A*	conf.	2,092'	31306	33-023-01352	5/27/15
Dunn Co.									
QEP Energy									
MHA 1-25-36H-148-92	NWSW 24-148-92	1,351'FSL and 177'FWL	Heart Butte	N/A*	conf.	2,021'	31300	33-025-02952	5/26/15
MHA 3-25-36H-148-92	NWSW 24-148-92	1,364'FSL and 152'FWL	Heart Butte	N/A*	conf.	2,022'	31301	33-025-02953	5/26/15
MHA 5-25-36H-148-92	NWSW 24-148-92	1,390'FSL and 103'FWL	Heart Butte	N/A*	conf.	2,025'	31303	33-025-02955	5/26/15
MHA 7-25-36H-148-92	NWSW 24-148-92	1,377'FSL and 127'FWL	Heart Butte	N/A*	conf.	2,024'	31302	33-025-02954	5/26/15
Sinclair Oil and Gas									
Porcupine 2-19H	SESW 19-146-97	544'FSL and 2,035'FWL	Little Knife	N/A*	conf.	2,196'	31314	33-025-02956	5/28/15
Porcupine 3-19TFH	SESW 19-146-97	538'FSL and 2,080'FWL	Little Knife	N/A*	conf.	2,196'	31315	33-025-02957	5/28/15
McKenzie Co.									
Burlington Resources Oil and Gas (ConocoPhillips)									
Midnight Run 2-8-12MTFH	SWSW 12-152-96	318'FSL and 855'FWL	Union Center	N/A*	conf.	2,414'	31317	33-053-06970	5/29/15
Midnight Run 3-8-12MBH	SWSW 12-152-96	318'FSL and 900'FWL	Union Center	N/A*	conf.	2,411'	31318	33-053-06971	5/29/15
Midnight Run 4-8-12MTFH	SWSW 12-152-96	318'FSL and 945'FWL	Union Center	N/A*	conf.	2,410'	31319	33-053-06972	5/29/15
Hess Bakken Investments II									
AN-Brenna- 153-94-3130H-2	LOT3 3-152-95	215'FNL and 1,787'FWL	Antelope	N/A**	conf.	2,292'	31313	33-053-06969	5/28/15
AN-Brenna- 153-94-3130H-3	LOT3 3-152-95	215'FNL and 1,754'FWL	Antelope	N/A**	conf.	2,292'	31312	33-053-06968	5/28/15
AN-Brenna- 153-94-3130H-4	LOT3 3-152-95	215'FNL and 1,721'FWL	Antelope	N/A**	conf.	2,291'	31311	33-053-06967	5/28/15
AN-Brenna- LW-153-94-3130H-1	LOT3 3-152-95	215'FNL and 1,688'FWL	Antelope	N/A**	conf.	2,292'	31310	33-053-06966	5/28/15
Mountrail Co.									
EOG Resources									
Wayzetta 98-3019H	SENE 30-153-90	2,175'FNL and 575'FEL	Parshall	N/A*	conf.	2147'	31309	33-061-03714	5/27/15
Wayzetta 96-3019H	SENE 30-153-90	2,175'FNL and 475'FEL	Parshall	N/A*	conf.	2148'	31308	33-061-03713	5/27/15
Williams Co.									
Hess Bakken Investments II									
BL-Odegaard- LE-156-95-2116H-1	NWNE 28-156-95	350'FNL and 2,070'FEL	Beaver Lodge	N/A*	conf.	2,450'	31316	33-105-04056	5/29/15
Permits renewed									
Well Name	Location	Footages	Field	Geologic Target	Wellbore Type	Elev.	NDIC No.	API No.	NDIC date
Divide Co.									
Continental Resources									
Dennis 2-8H	NWNE 8-147-96	273'FNL and 1,670'FEL	Cedar Coulee	N/A*	conf.	2,471'	23003	33-025-01737	5/29/15
Dennis 3-8H	NWNE 8-147-96	269'FNL and 1,625'FEL	Cedar Coulee	N/A*	conf.	2,471'	23004	33-025-01738	5/29/15
Flint Chips 2-5H	NWNE 8-147-96	247'FNL and 1,381'FEL	Cedar Coulee	N/A*	conf.	2,485'	23001	33-025-01735	5/29/15
Flint Chips 3-5H	NWNE 8-147-96	251'FNL and 1,426'FEL	Cedar Coulee	N/A*	conf.	2,482'	23002	33-025-01736	5/29/15
Stark Co.									
Emerald Oil									
Harry Dunne 6-26-35H	NWNE 26-140-98	320'FNL and 1,400'FEL	Green River	Bakken	horz.	2,580'	28504	33-089-00840	6/1/15
Permits cancelled									
Well Name	Location	Footages	Field	Geologic Target	Wellbore Type	Elev.	NDIC No.	API No.	NDIC date
Dunn Co.									
HRC Operating (Halcon Resources)									
Fort Berthold 148-94-25B-36-7H	NENW 25-148-94	666'FNL and 1,769'FWL	McGregory Buttes	Bakken	horz.	2,175'	28691	33-025-02587	5/29/15
Fort Berthold 148-94-25B-36-8H	NENW 25-148-94	670'FNL and 1,739'FWL	McGregory Buttes	Bakken	horz.	2,174'	28692	33-025-02588	5/29/15
Fort Berthold 148-94-25B-36-9H	NENW 25-148-94	674'FNL and 1,709'FWL	McGregory Buttes	Bakken	horz.	2,174'	28693	33-025-02589	5/29/15
McKenzie Co.									
Emerald Oil									
Cameron Frye 3-36-25H	SWSW 36-146-103	251'FSL and 885'FWL	Pierre Creek	Bakken	horz.	2,530'	27969	33-053-05769	6/1/15

see ND PERMITS page 8

ND PERMITS continued from page 7

Grizzly 147-103-3-17-20-13H3	NENW 17-147-103	300'FNL and 2,030'FWL	Mondak	Bakken	horz.	2,154'	25140	33-053-04842	6/1/15
Wesco Operating									
Federal 42-1	SENE 1-145-104	1595'FNL and 580'FEL	Bicentennial	Red River	vert.	2,474'	19217	33-053-03190	5/29/15
Mountrail Co.									
EOG Resources									
Van Hook 49-3626H	SESW 36-152-91	425'FSL and 2,014'FWL	Parshall	Bakken	horz.	1,896'	30967	33-061-03638	5/29/15
Location resurveyed									
Well Name	Location	Footages	Field	Geologic Target	Wellbore Type	Elev.	NDIC No.	API No.	NDIC date
Dunn Co.									
Continental Resources									
Bonney 6-3H	SESW 3-145-96	335'FSL and 2,385'FWL	Jim Creek	N/A*	conf.	2,493'	31195	33-025-02935	5/28/15
McKenzie Co.									
HRC Operating (Halcon Resources)									
Fort Berthold 152-93-19D-18-7H	SWSE 19-152-93	250'FSL and 2,635'FWL	Four Bears	Bakken	horz.	2,027'	26906	33-053-05443	5/27/15

* Note: The geologic target for these wells was not listed in its well file because they are tight (confidential) holes, but the following fields produce from the Bakken pool; Beaver Lodge, Burg, Jim Creek, Little Knife, Parshall, Union Center and West Ambrose

** Note: The geologic target for these wells was not listed in its well file because they are tight (confidential) holes, but the Antelope field produces from the Sanish pool, the Chatfield field produces from the Madiosn pool, and the Corey Butte field produces from the Red River pool.

—Ashley Lindly | alindly@petroleumnewsbakken.com



ND weekly county permit totals

May 26-June 1, 2015

County	Permits issued	Permits issued for confidential wells	Permits renewed	Location resurveys authorized
Bottineau	1	1	0	0
Bowman	1	1	0	0
Divide	4	4	4	0
Dunn	6	6	0	1
McKenzie	7	7	0	1
Mountrail	2	2	0	0
Stark	0	0	1	0
Williams	1	1	0	0
Totals	22	22	5	2



Top 10 Bakken wells by IP rate

May 26-June 1, 2015

Statoil Oil and Gas	27824 Maston 34-27 #7TFH	Banks	MCK	3,659
HRC Operating (Halcon Resources)				
27456	Fort Berthold 148-95-26B-35-3H	Eagle Nest	DUN	3,190
Statoil Oil and Gas				
27810	Maston 34-27 #8TFH	Banks	MCK	2,940
23751	Judy 22-15 4TFH	East Fork	WIL	2,930
Enerplus Resources				
27591	Monarch 152-94-32D-29H	Antelope	MCK	2,079
Marathon Oil				
29172	Berlin 41-25H	Reunion Bay	MNT	2,029
Whiting Oil and Gas				
27835	Duletski Federal 44-11PH	Fryburg	BIL	1,913
HRC Operating (Halcon Resources)				
27458	Fort Berthold 148-95-26B-35-4H	Eagle Nest	DUN	1,879
Statoil Oil and Gas				
28506	Irgens 27-34 #6TFH	East Fork	WIL	1,744
Marathon Oil				
28702	Krebs 34-20TFH	Bailey	DUN	1,722

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 26-June 1, 2015 in the Bakken petroleum system, as well as active wells that were released from tight- hole (confidential) status during the same period. The well operator's name is on the upper line, followed by individual wells; the NDIC file number; well name; field; county; IP oil flow rate in barrels of oil.

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Montana DNRC June 2015 Oil and Gas Lease Auction Results by High Bidder

High Bidder	County/Counties	Tracts	Total Acres	Average Tract Size (acres)	High Bid (\$)	Total (\$)	Average Price per Acre (\$)
Fossil Hill Resources, LLC, Sidney, Montana	Roosevelt	1	160.00	160.00	\$210.00	\$33,600.00	\$210.00
Nisku Royalty, LP, Billings, Montana	Roosevelt	3	1,200.00	400.00	\$195.00	\$25,040.00	\$20.87
Ross Alger Energy, LLC, Billings, Montana	Sheridan	3	1,760.00	586.67	\$34.00	\$43,840.00	\$24.91
Petro-Hunt, LLC, Dallas, Texas	Richland	1	640.00	640.00	\$26.00	\$16,640.00	\$26.00
Cline Production Co., Billings, Montana	Garfield	1	240.00	240.00	\$25.00	\$6,000.00	\$25.00
Eric Johnson, Billings, Montana	Toole	3	1,600.00	533.33	\$17.00	\$12,800.00	\$8.00
Monkota Petroleum Corp., Sidney, Montana	Fallon, Richland, Wibaux	4	1,440.00	360.00	\$2.00	\$2,640.00	\$1.83
Brisco Petroleum, LLC, Sheridan, Wyoming	Big Horn	1	143.60	143.60	\$1.50	\$215.40	\$1.50
Big Sky Land and Title, LLC, Chinook, Montana	Custer, Dawson, Fallon, Prairie	21	12,160.04	579.05	\$1.50	\$18,240.06	\$1.50
Western Natural Gas Co., Shelby, Montana	Hill	2	160.00	80.00	\$1.50	\$240.00	\$1.50
TOTALS/HIGH/LOW/AVERAGES		40	19,503.64	487.59	\$210.00	\$159,255.46	\$8.17

continued from page 1

JUNE AUCTION

80-acre Roosevelt County tract brought the second high bid of \$195. At a distant third, a 480-acre tract in Sheridan County in northeast Montana leased for \$34 per acre while a 640-acre Sheridan County track leased for \$33 per acre. A 640-acre tract in Richland County in eastern Montana went for \$26 per acre, and a 240-acre tract in Garfield County in central Montana brought \$25 per acre. All other bids were \$17 or less.

Successful bidders

The high bid came from Fossil Hill Resources for the Roosevelt County tract, the only lease Fossil Hill picked up (see table). The second high bid came from Nisku Royalty on another Roosevelt County tract. Nisku Royalty picked up 1,200 acres in three tracts, all in Roosevelt County, for an average of \$20.87 per acre.

Ross Alger Energy picked up leases on three Sheridan County tracts for a total of \$43,840, the highest spend in the auction. Those three tracts averaged

Since March 2006, DNRC lease auctions have averaged 68,024 acres with an average tract size of 412 acres bringing in an average of \$27.97 per acre. That puts the June acreage 71 percent below the 10-year average, the tract size 18 percent above average and the price 71 percent below average.

\$24.91 per acre.

Petro-Hunt leased a 640-acre tract in Richland County for \$26 per acre; Cline Production was the successful bidder on the Garfield County tract; and Eric Johnson paid an average of \$8 per acre for three tracts totaling 1,600 acres in Toole County in north-central Montana. Monkota Petroleum paid an average of \$1.83 per acre for 1,440 acres in four tracts in Fallon, Richland and Wibaux counties in eastern Montana.

Big Sky Land and Title picked up the most leases with 12,160 acres in 21 tracts spread across Custer, Dawson, Fallon and Prairie counties in eastern Montana, all at the minimum of \$1.50 per acre. In Big

Horn County in south-central Montana, Brisco Petroleum picked up a 144-acre lease for the minimum, and Western Natural Gas picked up two 80-acre leases in Hill County in north-central Montana, also for the minimum.

Ten-year comparisons

Since March 2006, DNRC lease auctions have averaged 68,024 acres with an average tract size of 412 acres bringing in an average of \$27.97 per acre. That puts the June acreage 71 percent below the 10-year average, the tract size 18 percent above average and the price 71 percent below average.

The highest average price per acre over the 10-year period was in the March 2014 auction when 6,012 acres averaged \$266.34 per acre. However, at 6,012 acres, that was the fourth lowest total acreage in any DNRC auction over the last 10 years.

The largest total acreage over the last 10 years was in September 2007 when 202,621 acres were leased. The average lease price in that auction, however, was \$5.25 — the third lowest over the last 10 years. ●

Contact Mike Ellerd at mellerd.pnb@gmail.com

ENVIRONMENT & SAFETY**Access roads to ND well sites flooded**

Recent heavy rains combined with snowmelt in the upper Yellowstone River basin have increased flooding potential at the confluence of the Missouri and Yellowstone rivers southwest of Williston, North Dakota, near the Montana border, prompting North Dakota regulators to step up well inspections in the area.

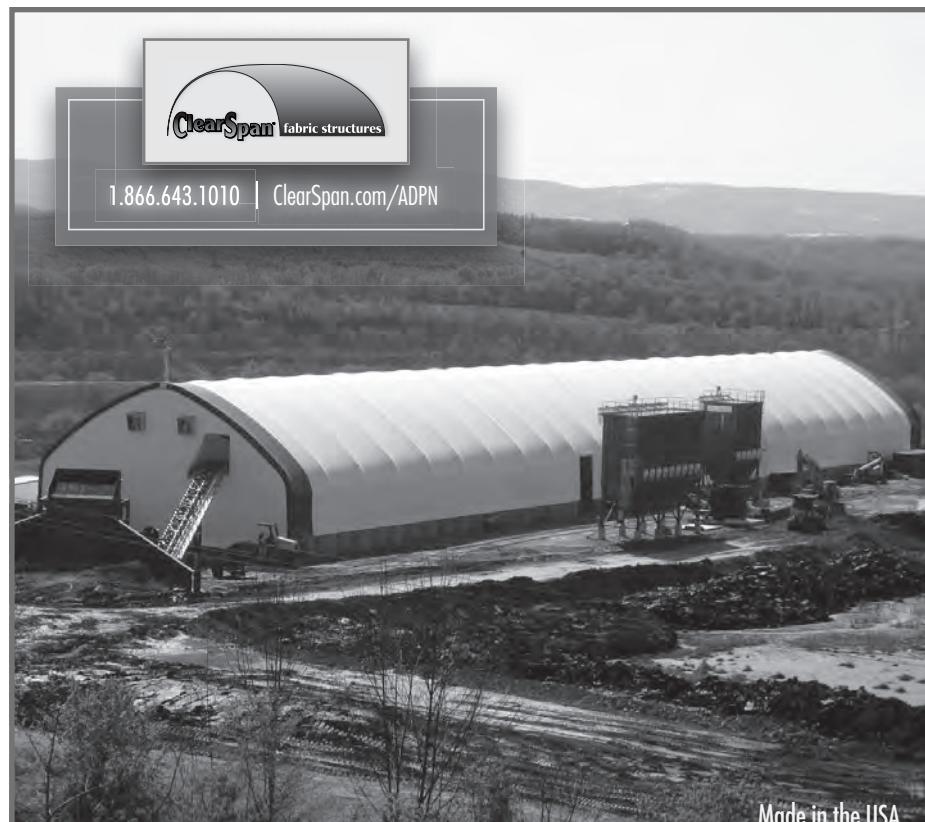
The Department of Mineral Resources Oil and Gas Division said June 3 that data received from the National Oceanic and Atmospheric Administration show the flood stage of 22 feet could be exceeded by June 8 — it is already at 21.1 feet. Low-lying farmland and access roads to oil well sites near Trenton have already flooded, and the National Weather Service expects any further flooding to impact low areas and access roads near the Missouri River.

"Inspectors in our district office in Williston have been in contact with producers in the area to remind them to take the necessary steps to prepare for possible flooding," says Field Staff Supervisor Dave Hvinden. "These steps include, ensuring adequate diking remains in place and securing any equipment on site, such as filling tanks with fresh water."

Inspectors are also increasing visual inspections in the area to ensure producers are prepared for any flooding. Some operators have curtailed production in wells near the confluence until the flood threat is over. The confluence is some 23 miles southwest of Williston.

—MAXINE HERR

The confluence is some 23 miles southwest of Williston.



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"I told the company that 56 percent is not enough," Fedorchak told Petroleum News Bakken. "We need a stronger showing of easement acquisition before I feel comfortable providing a permit."

However, if Energy Transfer is unable to gain more cooperation from landowners, it could file for eminent domain in district court. The company said it plans to

work very hard to resolve concerns with landowners in the next couple of months to obtain the necessary easements. The PSC will take about six to eight weeks after all public hearings are completed before rendering a decision, Fedorchak said, but if the permit is approved she does not want the company to use it to put pressure on landowners.

"They could say they already have authority with the permit, and I don't like them using that," Fedorchak said. "It puts the landowners in a situation I'm not com-

fortable doing when its 44 percent of them that haven't signed up yet."

Improving their image

Energy Transfer has come under some scrutiny as landowners along the proposed pipeline route allege the company did not treat them fairly and some even felt threatened and "bullied," according to the case file.

"There were land agents early on that ruffled a lot of feathers," Fedorchak said.

But Energy Transfer changed its land agents and Fedorchak said several landowners testified that they were more comfortable with the new agents.

"The company did make an effort," she said. "Realizing they were down a bad path, they started a complaint line. It was my sense that they're really serious about making sure their land agents are treating people fairly."

Energy Transfer did not return a call for comment about the pipeline project, but its website says anyone with concerns is encouraged to call the company's hotline at 844-708-2639.

A seat at the table

Several landowners filed for intervenor status at the hearings which was granted by an administrative law judge since the parties proved they had an interest in the case that wasn't being represented by anyone else. The attorney representing the landowners was allowed to ask questions of witnesses and call the group's

own witnesses.

"It adds some more structure to the process and gives them a seat at the table," Fedorchak said. "That's a pretty effective way for them to make sure their concerns are heard and they get more information back as well."

Fedorchak said public comments at the hearing were mostly from those in favor of the project. The greatest concerns were centered around reclamation and decommissioning of the line when it is no longer in use. The hearing provided the PSC with an opportunity to inform landowners about the regulatory process, noting that transmission lines are more highly regulated than gathering pipelines. Poor reclamation of gathering pipelines has commonly created landowner easement fatigue. In contrast, transmission pipeline companies are legally obligated to reclamation standards.

"There are a lot more protections in place for landowners and the company is accountable to us for the operation," Fedorchak said. "And ultimately ... they know if things get really bad we could pull their permit to operate and they'd have to shut it down."

Two more hearings

The Dakota Access project would allow North Dakota crude to reach major refineries more directly and reduce rail and truck transportation. The proposed route travels through 50 counties in four

see DAKOTA ACCESS page 11

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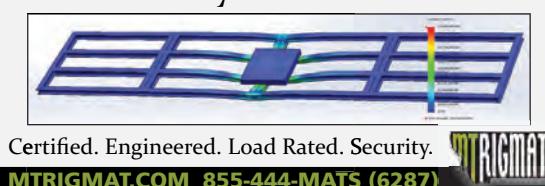
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XTO ANALYSIS

DSUs, leading all requests in April. However, XTO also led in DSU requests in March when it asked for 10, and in February at 29. And while not leading in applications in January, XTO requested the creation of 14 DSUs that month.

At a time when upstream activity in the Bakken — as well as across the U.S. — has been slowing down, XTO appears to be bucking the trend, and Petroleum News Bakken decided to take a closer look at XTO Energy to learn more about the U.S. Williston Basin's fourth largest Bakken oil producer. The first of two parts will look at XTO's history from its beginnings in the 1990s to its growth to become the largest natural gas producer in the U.S. and its eventual merger with ExxonMobil. In part two, which will appear in the June 21 edition, XTO's Bakken operations, including production growth, technological advances and cost efficiencies will be covered.

XTO's beginnings

XTO dates back to 1986 when it was founded as privately held Cross Timbers Oil in Fort Worth, Texas, to acquire and develop both oil and natural gas assets. In 1993 the company went public, and three years later changed its strategy from an approximately even balance between oil and gas to focus more on natural gas. In 2001 Cross Timbers Oil simplified its name to XTO Energy based on its stock symbol.

In the early 2000s, XTO continued to grow acquiring and developing more natural gas assets and in 2004 began a move into unconventional assets in U.S. shale basins and progressively into more unconventional domestic gas assets while main-

taining some oil production in its portfolio through the 2000s. In 2002, XTO acquired coal bed methane assets in Colorado from J.M. Huber Corp. and in 2003 picked up natural gas and coal bed methane assets in the San Juan basin of Colorado and New Mexico from Markwest Hydrocarbon Inc. In that same year the company picked up additional gas assets in the Raton Basin of Colorado and the Hugoton field in Kansas. In 2004 XTO acquired gas and oil properties in seven states from ChevronTexaco Corp., and in 2005 the company acquired Barnett shale producer Antero Resources. Also in 2005, XTO picked up properties in the Permian Basin in West Texas and New Mexico from ExxonMobil.

In 2006 XTO further expanded its footprint in the Barnett shale by acquiring Peak Energy Resources, and moved into East Texas and Mississippi by acquiring assets in those areas from Total E&P USA. In 2007 XTO acquired Rocky Mountain, San Juan and South Texas properties from Dominion Resources.

Bakken entrance

XTO made two acquisitions in 2008 giving it a solid position in the Bakken play. The first was the acquisition of Headington Oil Co. in a \$1.85 billion deal and the second was the acquisition of Hunt Petroleum Corp. for \$4.2 billion. In the Headington deal, XTO picked up approximately 352,000 net Bakken acres in North Dakota and Montana. "With this acquisition in the Bakken Shale, our Company is now established as a leading producer and leasehold owner in this emerging oil shale play," said then Chairman and CEO Bob R. Simpson of the deal.

The other Bakken deal was XTO's 2008 acquisition of Hunt Petroleum Corp. whose assets were concentrated in Texas and Louisiana. The deal also included 15,000 net Bakken acres in North Dakota.

ExxonMobil merger

In 2009 as horizontal drilling and hydraulic fracturing were revolutionizing U.S. oil and gas exploration and production, XTO and global supermajor Exxon Mobil Corp. agreed to a merger in which XTO became a wholly owned subsidiary of ExxonMobil in a deal valued at \$41 billion — the largest natural gas merger in history. The transaction, which closed in 2010, increased ExxonMobil's resource base by an estimated 10 percent, enhancing ExxonMobil's position "in the development of unconventional natural gas and oil resources," ExxonMobil said of the merger. XTO said the merger "teamed XTO's expertise and experience in the natural gas business with ExxonMobil's cutting-edge technologies, financial strength

and historic leadership in the global energy industry."

XTO today

Today XTO holds approximately 531,000 Bakken acres in eight western North Dakota counties and 314,000 Bakken acres in Richland and Roosevelt counties in eastern Montana.

But the Bakken is just a portion of XTO's current portfolio. The company has gas producing operations in Arkansas, Kansas, Wyoming, Colorado, New York, Pennsylvania and West Virginia. In Texas, Oklahoma, Louisiana, Alaska as well as Alberta XTO produces both gas and oil. ●

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DAKOTA ACCESS

states. If approved, the pipeline is slated to be in service by the fourth quarter of 2016. Two more hearings are scheduled, one in Killdeer on June 15 and another in Williston on June 26 to focus on issues pertinent to those areas.

"My general opinion is we need pipeline infrastructure and good export capacity for all this oil that's being produced in North Dakota," Fedorchak said, "so we want to do this process and do what we're required to do by law which is to site projects to have minimal impact on the environment and people." ●

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ENABLE SYSTEM

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With its operations located in counties where 93 percent of the state's active rigs reside, Enable continues to add origin points to bring non-system barrels onto existing systems.

The Nesson system is Enable's second venture in the Bakken — construction began on its Bear Den crude and produced water gathering system in August 2013 and the system initially went into service in November 2013 and went into full operation in early 2015. That system has a throughput capacity of 19,500 bpd and services XTO wells in northwest Dunn and eastern McKenzie counties.

Based on June 1 data from the state's Department of Mineral Resources, XTO, Enable's top Bakken customer, is tied with Continental Resources as the most active producer in North Dakota with 10 rigs in operation.

Enable formed in 2013 and now owns approximately 11,900 miles of gathering pipelines, 13 processing plants with 2.3 billion cubic feet per day of capacity, 7,900 miles of interstate pipelines, 2,300 miles of intrastate pipelines and eight storage facilities in the Midcontinent and Williston Basin.

While business for Enable ramps up in the Bakken, the company announced June 1 that its President and CEO Lynn Bourdon resigned. The board of directors appointed Pete Delaney, who serves on the board of Enable's general partner, Enable GP LLC, to the role on an interim basis, effective immediately.

"Lynn played a critical role in positioning the company for the IPO and in creating a solid platform for future growth," said Scott Prochazka, board chairman of Enable GP. "We appreciate his efforts and look forward to building on this past success and capturing Enable's significant growth opportunities."

Bourdon had served as president and CEO since January 2014. Prior to that, he was director of Enable GP and had worked in various leadership roles in oil and gas companies since earning his master's degree in Business Administration from the University of Houston in 1987.

Delaney, 61, has been with the partnership of Enable companies since 2002.

The board has hired an executive search firm to find a permanent CEO for Enable Midstream.

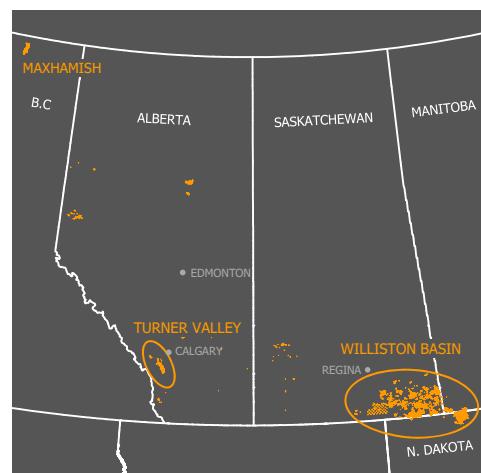
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COURTESY LEGACY OIL+GAS

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LEGACY ACQUISITION

faced financial stress throughout 2015.

"With the precipitous drop in oil prices beginning in July 2014, Legacy's valuation has come under pressure," Legacy said in a May 26 press release. "The Company's financial leverage, which was improving in the first half of 2014, also began to erode, putting additional pressure on Legacy's share price."

By late 2013, Legacy had scaled back its capital spending then underspent its cash flow in 2014. Last year the company acquired Corinthian Exploration and Highrock Energy, creating what the company called a "position of strength to begin ramping up our growth profile." The company was able to boost production from 300 bpd to 7,500 bpd and significantly increase drilling locations. But the financial struggles emerged when oil prices began to take a tumble, and by March Legacy's Chief Financial Officer Matt Janisch resigned without offering explanation. In April, Legacy was under scrutiny over a decision to backstop a loan for its Chief Executive Officer Trent Yanko and his wife. The Yankos bought C\$5.684 million of Legacy shares in July 2014 in a margin account but with the subsequent oil price drop and accompanying fall in Legacy shares, a margin call in December pushed Legacy's board to agree to guarantee the loan to avoid the Yankos' shares from being sold off "at an inopportune time for Legacy and its shareholders and would remove external pressure on Mr. Yanko that might affect corporate decisions."

By the end of March, Legacy had reduced its 2015 capital budget by C\$56 million. The board began the process with

Crescent Point in order to offer Legacy's shareholders greater opportunity for long term value.

Crescent's total debt after a proposed upcoming sale of common shares represents about 25 percent of the overall Legacy arrangement which allows it to "debt-adjust" its balance sheet to maintain a neutral net debt to funds flow position at the end of 2015," the company said.

With the acquisition, Crescent Point obtained approximately 940 net drilling locations and Legacy's assets carried a working interest of about 75 percent which gives Crescent greater control of development pace and use of technologies.

"Depending on commodity prices and the amount of capital we choose to spend, this deal adds 20,000 to 25,000 boe/d of production to our company during 2016, over and above our organic growth plans," said Crescent Point President and CEO Scott Saxberg. "That's about five to nine percent growth in debt-adjusted production per share on a 2016 basis. When you add that per share growth on top of our current dividend yield of approximately nine percent, the annual return is 14 to 18 percent, excluding organic growth or any benefit from improving commodity prices."

Once the Legacy deal closes, Crescent plans to revise its 2015 guidance for production and capital expenditures. Daily production rates are expected to rise to 6.6 percent to 162,500 boepd, and capex will increase by \$100 million to \$1.55 billion. The company will devote 65 percent of the additional expenses to drilling and completions. Crescent expects to revise its capital budget in the third quarter. As of May 21 the company had 55 percent of its oil production hedged for the second half of 2015 at a weighted average price of C\$87.50 per barrel and 31 percent hedged at C\$83 per barrel.

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