



### Green fields of summer



VERN WHITTEN PHOTOGRAPHY

Nabors rig No. 92 drilling on a six-well Zavanna pad as a construction crew finishes reclamation on a gathering pipeline in the Long Creek field in south-central Williams County, North Dakota in late June. With summer weather having finally arrived, North Dakota production is expected to surge in coming months (see story this page).

### New ND DSU apps double in July

The number of new Bakken-pool drill spacing units, DSUs, that the North Dakota Industrial Commission is being asked to create in July applications essentially doubled from the 60-plus DSUs requested in June. The Industrial Commission will consider applications from 18 North Dakota operators for 122 DSUs during hearings in Bismarck on July 23 and 24. The commission will also consider requests from three operators for a total of 27 legacy-pool spacing units, bringing the total to nearly 150.

At 25, Statoil Oil and Gas is asking for the most new Bakken-pool spacing units among the July applicants. Those DSUs are all overlapping 2,560-acre units spread across 12 contiguous fields in south-central and southwestern Williams

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### Pipelines continue to pick up Williston Basin crude exports

For the fifth consecutive month, crude oil exports from the Williston Basin through pipelines increased at the expense of rail exports in May according to data released on July 14 by the North Dakota Pipeline Authority. Pipelines gained four export market share percentage points in May achieving 34 percent of exports. Concurrently, railroad's share of crude oil exports fell four market share points to 59 percent, the first time that rail's share of Williston Basin crude exports has been below 60 percent since November 2012.

Rail began losing export market share to pipelines in

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### Start-up slowed on Enbridge's Midcon Flanagan South project

To the surprise of few in the crude trading business, Enbridge has been forced to delay the in-service date for its Flanagan South pipeline, which it has viewed from the outset as a challenge to TransCanada's Keystone XL.

Launching the 585,000 barrels per day Midcontinent connection from Flanagan, Illinois, to Cushing, Oklahoma, will move from the current quarter to early in the fourth quarter, the company said.

The 593-mile line is a key link for Canadian heavy oil producers to reach their ultimate destination on the U.S. Gulf Coast and a chance to displace imports from Mexico and Venezuela.

But traders have expressed increasing doubt that Enbridge

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### GOVERNMENT

## Necessary action

ND regulators will strictly enforce new rules to meet gas capture targets

By **MAXINE HERR**

For Petroleum News Bakken

With lackluster gains on flaring, operators can expect strict enforcement of new North Dakota Industrial Commission, NDIC, rules which will restrict production in order to meet the state's new gas capture targets. May's flaring percentage dropped only slightly to 28 percent from 30 percent in April, despite the hope that Department of Mineral Resources Director Lynn Helms had of the figure inching closer to the low 20s mark. He described the percentage as "surprising and kind of disappointing"



LYNN HELMS

when speaking to reporters at his monthly press conference to share production results.

"It points to the fact that the action taken by the commission on July 1 is really needed," Helms said.

On that date, the commission issued an order to allow oil production restrictions if producers fail to meet a timeline of gas capture goals. The first target is to capture 74 percent of the gas by Oct. 1,

i.e., reduce flaring to 26 percent.

Helms said the latest numbers indicate that the industry will struggle to reduce flaring percentages

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### MERGERS & ACQUISITIONS

## The 'hand-in-glove' fit

Whiting's tech expertise and Kodiak's key acreage create an attractive deal

By **MAXINE HERR**

For Petroleum News Bakken

Whiting Petroleum didn't have to go far to make a great deal. The key to becoming the leading Bakken producer was just across the street. On July 13, Whiting Petroleum, which does business in North Dakota as Whiting Oil and Gas, announced its acquisition of Kodiak Oil and Gas. The two companies' corporate offices sit across the street from each other in Denver, Colorado, and together they



JIM VOLKER



LYNN PETERSON

plan to do much more than they could have done separately. The total purchase is valued at about \$6 billion which includes \$2.2 billion in debt, and it creates a powerhouse that is expected to operate more efficiently and tap into additional drilling opportunities.

"The Whiting and Kodiak asset bases in the Williston fit hand-in-glove," said Whiting President and Chief Executive Officer Jim Volker in a July 14 confer-

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### DRILLING & COMPLETION

## Contending with weather

ND production continues to rise amid ongoing battles with Mother Nature

By **MIKE ELLERD**

Petroleum News Bakken

North Dakota posted its fourth highest monthly production increase in May with output rising by 36,379 barrels per day over April to a new record high 1,039,635 bpd, an increase of 3.6 percent. However, the increase was expected to be greater, and were it not for adverse weather, it likely would have been.

And not only did weather hamper production, but the backlog of wells waiting on completion actually increased in May due to adverse weather conditions.

"If you recall, May was still a bit nasty, a bit cool and windy in terms of weather," Department

"Permitting is already up significantly, and that is because oil companies – operators – have already begun to focus on next winter." —DMR Director Lynn Helms

of Mineral Resources Director Lynn Helms said during a monthly press conference in Bismarck on July 14.

Helms cited several examples of the weather that affected operations in May, one being a significant rain event in the Dickinson area in late May. "We had one area that's in the Bakken and Three Forks that got nearly three inches of rain

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