

Petroleum

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BAKKEN



page 3 Proposed bill would double revenue to ND producing counties

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Jacks and belts



MAXINE HERR

Two Lufkin conventional crank balanced pump jacks and two Weatherford long-stroke belted pumping units operate on four former Liberty Resources wells on a Kodiak pad in the East Fork field in central Williams County, North Dakota in mid-September.

Continental revises estimate of recoverable Bakken system oil

During its 2014 investor and analyst conference on Sept. 18, Continental Resources announced it has revised upward by two- to three-fold its estimate of the volume of recoverable oil in the Bakken petroleum system based on the company's reassessment of both original oil in place, OOIP, and the overall Bakken recovery factor. In that reassessment, the estimated OOIP went down, but the estimated recovery factor went up — a lot.

In 2012, Continental estimated the Bakken's OOIP at 903 billion barrels. That estimate included the three lower benches of the Three Forks formation, which were not included in the 2010 OOIP estimate of 577 billion barrels. Using a then generally accepted estimated recovery factor of 3.5 percent, Continental put recoverable reserves at 32 billion barrels, up from the 2010 estimate of 24 billion barrels.

"At our investor day in 2012, we thought ... there was 903 billion barrels of oil in place along with a recovery factor of 3.5

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Daniels County acres back on Montana auction nominations list

The 9,994 acres that were first nominated and then pulled from the Montana Department of Natural Resources and Conservation, DNRC, September oil and gas lease auction, have again been nominated, now for the December auction. Those acres are spread among 28 tracts across central and northeast Daniels County (see map).

Daniels County saw considerable leasing activity in 2009 when more than 42,000 acres were leased and again in 2011 when more than 43,000 acres were leased. Since 2011, however, there has been relatively little leasing activity in the county, which lies between Roosevelt County and the Canadian border in northeast Montana along the outer reaches of the Bakken petroleum system.

In addition to the Daniels County acres, two tracts totaling 720 acres in Roosevelt County were also nominated along with two tracts totaling 1,656 acres in Wheatland County in central Montana, and three totaling 1,916 acres in Jefferson County in southwest Montana (see map). Those nominations bring the total number of acres on the December auction list to 14,287 in

see **LEASE AUCTION** page 14

ASSOCIATIONS & EVENTS

Fine-tuning the Bakken

Industry, state make adjustments to keep the boom from becoming a bust

By **MAXINE HERR**

For Petroleum News Bakken

The Bakken has some stiff competition, and various factors could be detrimental to the fate of production in North Dakota. Infrastructure and workforce challenges, falling oil prices, and many more states to drill throughout the U.S. are top concerns for the industry and government leaders.

Dr. Loren Scott, an economist and president and founder of Loren C. Scott & Associates, shared the keynote address at the North Dakota Oil and Gas Producing Counties annual meeting in Williston on Sept. 19 and told community leaders they should be worried about oil prices and the



LOREN SCOTT

competition arising in the Wolfcamp Shale play of Texas and New Mexico.

"There are now 20 states that want wells and you're having to compete with them," Scott said. "In the old days, when there were only five producing states, (operators) had nowhere to go. You always have to balance how much you're going to tax and regulate going forward."

In a KLJ report presented to a legislative committee on Sept. 18, Chief Executive Officer Niles Hushka gave statistics that indicate the state must support infrastructure needs so communities in the core of the Bakken can meet goals of affordable housing, sufficient staffing

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LAND & LEASING

Riverbed fight goes on

Fee owners carry on battle with state for tract control, but not all acreage contested

By **MAXINE HERR**

For Petroleum News Bakken

As Petroleum News Bakken has reported in the past two editions, the state of North Dakota and the federal government have staked claim to various land and mineral rights along the Missouri River which has resulted in many ownership disputes. Though the state is at odds with the federal Bureau of Land Management and Bureau of Indian Affairs, it is involved with even more complex disputes with private individuals.

"With the fee owners, there's an unimaginable



DREW COMBS

array of different opinions of how things ought to go," said Keith Bayley with North Dakota Trust Lands.

For example, the survey completed for the state which delineated the ordinary high water mark in **1 2 3 SERIES** order for the state to issue oil and gas leases is being protested. Trust Lands told Petroleum News

Bakken that some fee owners are hiring their own firms to conduct a survey which interprets the ordinary high water mark in a different

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MOVING HYDROCARBONS

No milestone to celebrate

TransCanada marks 6th anniversary of original XL pipeline application filing

By **GARY PARK**

For Petroleum News Bakken

In line with TransCanada predictions, budget estimates for Keystone XL have almost doubled to \$10 billion and the clock keeps running down to a Doomsday point as the 45 Republicans in the U.S. Senate delivered a blunt message to President Barack Obama to meet his commitments on the pipeline.

The senators marked the sixth anniversary of TransCanada's original application by pressuring Obama to "approve the pipeline immediately."

That coincided with word from TransCanada Chief Executive Officer Russ Girling who said



RUSS GIRLING

the project could climb from its current target of \$5.4 billion to \$10 billion.

"As we delay ... further those costs will continue to increase," he said.

But he said a final price tag won't be known until and unless the State Department approves the XL permit.

Even if the permit is denied, TransCanada will incur costs, although the company is "not quite sure what they will all be and what equipment we might be able to use elsewhere," said TransCanada spokesman Shawn Howard.

TransCanada told the South Dakota Public Utilities Commission in a recently filed petition

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