



Getting connected



VERN WHITTEN PHOTOGRAPHY

Crews lay gathering pipe to additional wells on a Hess pad in the Robinson Lake field in western Mountrail County, North Dakota in late September.

Tesoro Logistics buying QEP's field service, midstream assets

QEP Resources and Tesoro Corp. announced on Oct. 19 that QEP is selling its wholly owned subsidiary QEP Field Services to Tesoro Logistics in a deal valued at \$2.5 billion that includes QEP's 58 percent ownership in QEP Midstream Partners.

The assets include QEP Midstream's Williston Basin gathering system in western McLean County, along with QEP Midstream and QEP Field Services gathering and processing assets in the Green River, Uinta and Vermillion basins in Wyoming, Utah and Colorado.

In an Oct. 20 conference call, Tesoro Corp. President and Chief Executive Officer Greg Goff said the assets include more than 2,000 miles of crude oil and natural gas gathering and

see **TESORO BUY** page 14

Statoil CEO leaves to join BG Group

Statoil has lost its Chief Executive Officer Helge Lund to London-based BG Group, filling the United Kingdom's third largest oil and gas producer's leadership void.

Lund led the Norwegian oil giant for 10 years and will start at BG Group in March. His departure from Statoil, announced on Oct. 15, was immediate, and BG is eager to have one of the industry's most seasoned executives take the driver's seat. BG was led by Frank Chapman prior to his retirement in 2012. His successor Chris Finlayson only stayed with BG for a little over a year.

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EPA rolling out frack studies

The highly anticipated draft report that could set the stage for hydraulic fracturing regulations is expected to be released in March 2015.

Officials from the U.S. Environmental Protection Agency, EPA, told state regulators at the Interstate Oil and Gas Compact Commission's, IOGCC, annual conference in Columbus, Ohio, on Oct. 20 that it will roll out a series of peer-reviewed papers about the potential impacts of fracking on drinking water. EPA has been working on the study since 2010 when it was directed by Congress to investigate fracking and its effects

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TROND ISAKSEN



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NATURAL GAS

More gas gains

Zavanna planning ND processing plant as October flaring apps dwindle

By **MAXINE HERR**

For Petroleum News Bakken

Meeting gas capture targets is taking center stage for many oil and gas operators in North Dakota, and one small operator in the Williston Basin chose to tap into a venture to tackle the flaring challenge.

As part of its strategy, Denver-based Bakken operator Zavanna LLC has developed a joint venture with Flatirons Field Services to build a 45 million cubic feet per day gas processing plant seven miles northeast of Williston.



RON NESS

North Dakota Petroleum Council President Ron Ness said the plant is a good example of how companies are working to reduce flaring.

"Hopefully they will be able to connect other operators up there," Ness said. "Every one of those (gas plants) is obviously a big help."

Flatirons Field Services, a midstream company also based in Denver, was formed in 2012 by founders of the former Western Gas Resources which serviced North Dakota when vertical wells were being drilled in the state.

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DRILLING & COMPLETION

ND DSU apps double

North Dakota operators ask for 126 total drill spacing units in October

By **MIKE ELLERD**

Petroleum News Bakken

While industry analysts speculate on exactly how falling crude oil prices will affect production in the Bakken, Williston Basin operators nearly doubled the number of new drill spacing units, DSUs, they requested from the North Dakota Industrial Commission in October.

In September, the commission received applications seeking the creation of 67 spacing units. In hearings scheduled for Oct. 29 and 30 in Bismarck, the commission will consider applications seeking the creation of 126 DSUs.

With the exception of six DSUs that Petro

Harvester is seeking for Madison formation production in Burke County, the remaining 120 spacing units are for Bakken system production and are clustered in the four traditional Bakken counties of Divide, Dunn, McKenzie and Mountrail with a few in McLean and Stark counties (see map and chart).

Of the 126 spacing units operators are seeking, all but 17 are for overlapping DSUs to allow drilling across section lines of the smaller component spacing units. The spacing units for new development range in size from 390 to 1,280 acres and the overlapping DSUs range in size from 1,280 to 5,120 acres.

The number of wells that operators want to drill

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MOVING HYDROCARBONS

DOT-111 litigation risks

Lawsuits seeking to ban tank cars could stall Bakken infrastructure development

By **GARY PARK**

For Petroleum News Bakken

Lawsuits putting the squeeze on the U.S. Department of Transportation, DOT, to ban the use of aging DOT-111 rail cars could spread to impact the demand for Bakken crude, says a U.S. legal specialist on energy transportation.

The litigation by three environmental groups may signal their intention to "increasingly target non-railroad midstream and crude end-users under state law," said Alex Obrecht, a lawyer with the U.S. firm of BakerHostetler, writing in Mondaq, a Canadian business briefing of global legal analysis.



ALEX OBRECHT

That, in turn, could "stall new infrastructure development," with negative consequences for the Bakken, he said.

Obrecht said that regardless of the potential merits of the lawsuits, one theme rings clear: "Players in the Bakken will continue to spend time and money overcoming logistical as well as legal obstacles to transporting their product to market."

On the national level, he said, DOT will require more stringent mechanical and safety standards for tank cars carrying crude oil, leaving only one uncertainty: When will the more strin-

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