



First things first



VERN WHITTEN PHOTOGRAPHY

In preparation for drilling, construction crews lay the groundwork for a Bakken-system multi-well pad approximately five miles northwest of New Town in Mountrail County, North Dakota in mid-February.

ND's May lease acres increase but cluster outside Bakken core

A total of 23,194 acres have been nominated for the North Dakota Trust Lands' May oil and gas lease auction — up 30 percent from the 17,878 acres leased in the February auction and up 28 percent from the 18,133 acres leased in the May 2015 auction. The May acreage is also the highest nominated acreage in any Trust Lands quarterly auction since August 2013 when 54,483 acres were leased.

The acreage nominated for the May auction is spread among 267 tracts across nine western North Dakota counties all within the Williston Basin province. However, with the exception of a few tracts along Lake Sakakawea in McKenzie and Mountrail counties and one tract at Williston

see **NDTL MAY SALE** page 20

Once one, DeeThree splits in two

Calgary-based DeeThree Exploration is about to embark on the next chapter of an eight-year existence by dividing itself into two standalone operations built around its core holdings.

The company plans to consign its quirky name to the archives, and take on some heft, labeling its new oil-weighted entities Granite Oil and Boulder Energy.

Granite is being shaped as a dividend-and-growth company based on its Alberta Bakken play near the Montana border, while Boulder will focus on development of properties in the Pembina-Brazeau area of west-central Alberta.

"The reorganization will create two independent, pure-play oil companies which will pursue different business strategies which better reflect the unique nature of the two different asset

see **DEETHREE SPLIT** page 22

ND gas capture hits 81 percent at expense of some production

Curtailing production to meet gas capture targets may cause oil production volumes to take a hit, but the positive impact it has on flaring is what matters most to North Dakota citizens, the state's top oil regulator says.

Meeting gas capture targets in February required some voluntary as well as ordered production curtailment, but by doing so, North Dakota operators were able to capture 81 percent of the natural gas, well above the current 77 percent target that went into effect in January. The state has not seen gas capture at that level since July 2010.

"North Dakota citizens were very firm in what they wanted from this industry, and they wanted less flaring," North

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PRODUCTION & RECOVERY

'An unusual event'

For first time in four years, ND output falls for two straight months

By **MIKE ELLERD**

Petroleum News Bakken

Oil production fell in North Dakota again in February, marking the first time in more than four years that the state's output declined for two consecutive months. Preliminary data released by the Department of Mineral Resources April 14 indicate the state produced an average of 1,177,094 bpd in February — a decrease of 14,104 bpd or 1.2 percent from the 1,191,198 bpd production in January.

"An unusual event," is how DMR Director Lynn Helms described the second month of production decline during a monthly press confer-



LYNN HELMS

ence on April 14. "Not an enormous decline — about 1 percent decline — but it's the first time since December of '10-January of '11 we've had back-to-back production declines," Helms said.

"At that time it was because of incredible winter weather," Helms added. "I don't know if you remember the winter of '10-'11, but it was the worst winter in the oil patch that we had had in probably several decades." However, weather was not a significant contributor to the production decline in February, which Helms described as "pretty much normal" with "seven windy days and nine very cold days and little or

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DRILING & COMPLETION

XTO ramps up activity

ExxonMobil subsidiary look's to drill 600 of 800 wells in April ND applications

By **MIKE ELLERD**

Petroleum News Bakken

Among applications for drilling additional wells on existing drill spacing units that the North Dakota Industrial Commission will consider during hearings on April 22, 23 and 24 are nine applications from ExxonMobil subsidiary XTO Energy requesting authorization to drill up to a total of 610 wells on 73 DSUs most of which are in Williams County (see table).

Of those 73 XTO spacing units, 46 are 1,280-acre units, another 26 are 2,560s and one is a 320-acre DSU. The 1,280s and 2,560s are in the Capa,

see **XTO ACTIVITY** page 21

Oasis continues MT Bakken development

As the second largest Bakken producer in Montana, Oasis Petroleum continues developing the resource in that state, and the Montana Board of Oil and Gas Conservation will consider a number of the company's drilling and spacing unit applications when it meets in Billings on April 30.

Among the applications that Oasis has submitted are four seeking permanent status

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PRODUCTION & RECOVERY

ND's new official record IP

Recently released DMR data show a Whiting upper TF well tested at 7,824 boepd

By **MIKE ELLERD**

Petroleum News Bakken

Data recently released by the North Dakota Department of Mineral Resources make official a new record high initial production rate of 7,824 barrels of oil equivalent per day that a Whiting Petroleum offsetting upper Three Forks well in the Twin Valley field in northern McKenzie County put out during the first 24 hours of production when tested in October 2014. Whiting announced the IP in its third quarter 2013 press release, but with the well on confidential status for six months, the data only recently became part of North Dakota's official public record.



The Flatland Federal 11-4TFH produced 6,002 barrels of oil and 10,932 thousand cubic feet of natural gas in the first 24 hours on production, which equates to the record 7,824 boe using a conversion of 6,000 cubic feet of gas per barrel of oil equivalent.

A second Whiting well on the same pad, the Flatland Federal 11-4HR completed in the middle Bakken and also tested in October, also trumped the previous high IP by producing 5,002 barrels of oil and 12,706 mcf of gas for a combined IP 7,120 boe. Both of those top IP Whiting wells were completed with coiled tubing and cemented lin-

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