

# Petroleum

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## BAKKEN



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

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### 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

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 billion 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



**JULIE FEDORCHAK**

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 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

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

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



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**SERIES**

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