Nominate a Bakken explorer

Petroleum News Bakken is looking for nominations for its new annual magazine, The Bakken Explorers, in which qualified oil companies operating in the Williston Basin will be featured.

A list of the oil companies nominated to date can be found online at http://bit.ly/ZkUYuc

Extending the Bakken petroleum system’s recoverable reserves is being done in one or more of the following three ways, any one of which qualifies an exploration and production company for coverage in the magazine:

1. Exploring laterally by testing the fringes of the known Bakken petroleum system.
2. Exploring vertically by evaluating relatively unproduced formations or formation members in the Bakken petroleum system, such as the upper Bakken shale member and the second, third and fourth benches of the Three Forks.
3. Looking to increase producible reserves by developing and utilizing new technology, including improved drilling and completion techniques — technology often used in combination.

Shale Exploration clarifies BLM lease auction situation

Reporting on the Montana/Dakota Bureau of Land Management’s May oil and gas lease auction, Petroleum News Bakken said in its May 19 edition that 73,699 acres of Montana leases in McCone County that did not receive bids had previously been leased by San Antonio-based Donco Inc. in BLM’s October 2012 auction, but that the leases were offered again by BLM in the May auction because Donco did not provide payment.

Petroleum News Bakken has since learned that Donco, the parent company of Shale Exploration, did, in fact, provide BLM with full payment for all of those leases. However, Shale Exploration subsequently requested a refund and forfeited its down payment.

In the Oct. 23, 2012, lease auction Shale Exploration, through Donco, was the high bidder on leases totaling more

See Shale Exploration clarifies BLM lease auction situation

SOUR REJECTIONS

Enbridge seeks lower acceptable sulfide level, Plains and Hess protest

“As to the 5 ppm hydrogen sulfide limit itself, Enbridge North Dakota has not submitted any justification whatsoever to demonstrate that that standard is just and reasonable.” — Plains Marketing

After measuring elevated levels of hydrogen sulfide in crude oil at its Berthold Station rail loading terminal in Ward County, N.D., Enbridge Pipelines North Dakota has requested permission from the Federal Energy Regulatory Commission to lower the acceptable level of hydrogen sulfide in crude at the Berthold facility.

Enbridge said the recent elevated hydrogen sulfide concentration not only poses a threat to the health and safety of Enbridge employees working at the facility, but also to the health and safety of people working in downstream operations where such crude oil is shipped. Enbridge also said shipping such crude out of the Berthold

See SOUR REJECTIONS page 17

Tesoro ups export options

Balchen gets more West Coast, northern outlets; oil barged to Alaska refinery

Teso Logistics said May 6 that it is reversing a key section of its High Plains pipeline in northwest North Dakota in order to transport crude oil north from the Johnsons Corner area in northwest McKenzie County to access some of the attractive rail and pipeline export hubs in Williams and Burke counties. In addition, parent company Tesoro Corp. announced plans in late April for a new rail offloading and marine loading terminal on the Columbia River at Vancouver, Wash., which will provide additional options for Bakken crude along the entire West Coast.

See PIPELINE LOGISTICS page 20

COMPANY UPDATE

Enerplus likes Berthold

Another Canadian company, DeeThree, very active in Ferguson Alberta Bakken

The company said about 45 percent of its total production of about 42,000 bpd now comes from its two U.S. core areas — the North Dakota/Montana Bakken/Three Forks tight oil play and the Marcellus shale gas play in Pennsylvania.

Currently the company has 24 Marcellus wells producing or capable of producing 10 million cubic feet per day, while output from the pay

See Enerplus likes Berthold
ON THE COVER
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Enbridge seeks lower acceptable sulfide level; Plains and Hess protest
Tesoro ups export options
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BLM releases revised frack rule

Nobody cared much for the initial draft rule, and nobody cares much for the revised rule; where does it go from here?

By MIKE ELLERD
For Petroleum News Bakken

The U.S. Bureau of Land Management issued its revised hydraulic fracturing rule on May 16, and while the revised rule both adds and removes provisions that were in the initial rule issued in 2012, the essence of the fracking rule is the same, and it’s drawing fire from both proponents and opponents of federal regulation of hydraulic fracturing.

The initial 2012 rule had three major components, and the revised rule still contains those same components: operators are required to disclose the composition of fracking; they are required to confirm that wells which are being fracked meet specific construction standards; and operators are required to develop and have in place appropriate flowback water management plans.

And while there are changes to the revised rule, those changes weren’t enough to sway the general views of fracking proponents or opponents. Proponents believe the rule goes too far, that it’s not necessary, and that regulation of fracking should be left to the states. Opponents of fracking don’t believe the rule goes far enough in protecting the environment and water supplies.

What’s new in the rule?

Revisions in the frack rule include changing the rule to apply only to “hydraulic fracturing” and not to other methods of well stimulation such as acidizing and enhanced primary and secondary recovery which were included in the initial rule. The revised rule also defines and applies to “refracturing” operations.

Additionally, the revised rule requires operators to isolate and protect all usable water and mineral bearing formations from contamination during fracking operations. It also requires the use of cement evaluation logs or CELs instead of the originally proposed cement bond logs, and adds new requirements for monitoring and reporting of cementing operations and CELs for casings that protect usable water. The rule also requires the submission of a CEL to be submitted prior to fracking operations and eliminates the requirement that an operator directly submit the required information to BLM, which, in turn, will upload the information to the FracFocus website.

In addition, the revised rule also removes the requirement that an operator submit a pre-fracking compliance certificate; requires operators to estimate fracture direction and propagation, and estimate the vertical distance to the nearest usable aquifer above the fracture zone; requires the removal of the requirement for disclosure of the chemical composition of recovered fluids; requires mechanical integrity testing for re-fracturing; and requires additional requirements for monitoring and data recording during fracking operations.

Finally, the revised rule contains a provision for states and tribes to work with BLM to create variances that would allow compliance with their requirements rather than having it left for BLM alone to handle, providing the variance exceeds BLM standards.

What’s the cost?

BLM analyzed the costs to operators associated with the revised rule and estimates that the cost will range between $1,338 and $5,110 on a per well basis. The bulk of those costs, estimated to be $2,591 to $4,564, are associated with the CEL requirement. BLM estimates the total annual overall cost to industry will range between $12 million and $20 million per year, and says the range reflects uncertainty about the generalization of costs across all hydraulic fracturing operations.

Industry perspectives

Dave Galt, executive director of the Montana Petroleum Association, believes BLM’s estimate of the cost of the rule is low, and also believes that the federal government is overreach in its attempt to regulate the industry. “I think they are still vastly underestimating the cost that this rule’s going to have on industry.”

Galt told Petroleum News Bakken. “Secondly, I think that this rule is an overreach of the federal government into an area that’s already regulated by the states that’s not necessary. It’s just going to make federal lands all that much less attractive.”

However, if there is anything positive in the revised rule, Galt says it is that it allows operators to use the FracFocus website instead of requiring industry to develop its own computer system for submitting and storing the required fracking information.
Oasis optimizing well spacing

As output increases, conducts inter-well spacing tests, extensional Three Forks drilling, and coring lower Three Forks benches

By MIKE ELLERD
For Petroleum News Bakken

Oasis Petroleum is focusing on optimizing subsurface inter-well spacings — and the corresponding pad arrangement and operation on the surface — in order to most efficiently develop its Williston Basin resources.

“As we have stated previously, an early understanding of the reservoir will promote optimal well spacing and prevent over-capitalization by drilling too many wells in a spacing unit, or by leaving reserves behind by drilling too few,” said Oasis Executive Vice President and Chief Operating Officer Taylor Reid said in a May 8 first quarter earnings conference call. “Our work on this front will then lead to best practices for pad development by fitting the subsurface to the surface.”

To that end, Reid said Oasis is evaluating optimal spacing efficiencies through three methods: inter-well spacing pilot tests, extensional drilling in the first bench of the Three Forks formation in the Bakken petroleum system, and analysis of other benches of the Three Forks from coring and high-resolution logs.

Reid said that early results from a 2012 spacing test suggest that four wells per reservoir per pad appear to be economic with little interference between wells, and in 2013 the company will test the limits of infill density patterns. “As we drill wells closer together in 2013, we are seeking to achieve the ideal spacing that maximizes the returns per spacing unit.”

This year, Reid said, the company will have 22 infill pilot tests spread over its acreages and will be testing up to six wells in the Bakken formation and six wells in the first bench of the Three Forks formation, resulting in densities of up to 12 wells per pad.

In addition, Reid said that the company’s Three Forks extensional drilling program in which it drilled step-out wells in both North Dakota and Montana was “very successful,” with results similar to Bakken wells in those areas. Because of those positive results, Oasis is planning 15 extensional and step-out tests in 2013. “We think that there is a high probability that the Three Forks is economic across most of our acreage position, and we’ll have more well results to share as we approach year end,” Reid said.

And also in the first quarter, Reid said, Oasis cored through the lower benches of the Three Forks and conducted enhanced log analyses for six pilot test wells that the company is planning to drill into the lower benches. He said Oasis is currently analyzing those data, but based on what the company has seen thus far, he said Oasis will likely drill its first lower bench well either late in this year or early in 2014.

Spacing efficiencies

As the company continues testing spacing efficiencies, it is simultaneously moving to more and more pad drilling. Reid said. Oasis is currently drilling 60 to 70 percent of its wells on multi-well pads this year, and in 2014 the company’s development will be 80-plus percent on pads.

Oasis improved its pad designs in 2012, and is now working on surface well configurations and battery designs expected to enhance the company’s pad operations moving into 2014, and the company’s current pad design is expected to lower well costs, Reid said. “Our current design should allow us to drive down costs significantly.”

As output increases, Oasis is conducting inter-well spacing tests, extensional Three Forks drilling, and coring lower Three Forks benches.
continued from page 5

WELL SPACING

Baytex sticks to Bakken course

Baytex Energy, the Calgary-based mixed crude producer, had a bumpy ride in the first quarter without being deterred from its strategic direction which includes a strong drilling component in the Bakken formations of Saskatchewan and North Dakota.

The company reported that in the Bakken/Three Forks play in North Dakota it is drilled seven (three net) horizontal oil wells in the three-month period and fracture-stimulated five (1.5 net) operated wells.

It said two Baytex-operated wells on spacings of 1,280 acres established average daily peak production rates of about 375 barrels of oil equivalent per day.

Over the balance of 2013 it has scheduled 13 (3.5 net) Bakken/Three Forks wells.

In south Saskatchewan it posted three (three net) wells, one of which received multistage fracture treatment in the quarter.

Baytex completed the disposition of about 22,000 net acres of non-core Viking rights in the Kerrobert area of southwest Saskatchewan, including output of 100 bpd, for net proceeds of C$42 million.

The company's combined production for the quarter averaged 51,957 boe per day, compared with 53,433 boe per day a year earlier, while the light oil and natural gas liquids component increased by 5 percent to 7,920 bpd, primarily due to successful development activities in the United States following the sale of 950 bpd associated with Baytex's non-operated position in North Dakota.

Production guidance for 2013 remains at 56,000-58,000 boe per day and capital spending is budgeted at C$520 million.

The company's first quarter production exceeded the company's guidance range of 52,000 to 54,000 boe per day. While Nusz said the company expects second quarter production to remain relatively flat at between 29,000 and 31,000 boe per day, it has raised its full-year production guidance to between 31,000 and 34,000 boe for the year.

The first quarter production exceeded the company's guidance range of 27,000 to 29,000 boe per day. While Nusz said the company expects second quarter production to remain relatively flat at between 29,000 and 31,000 boe per day, it has raised its full-year production guidance to between 31,000 and 34,000 boe for the year.

Meta...
Continental Resources’ Hamm will seek ‘no fault’ divorce; Baytex Energy re-elects directors; and Quicksilver elects new chairman

**Hess proxy fight ends with compromise**

By ROSE RAGSDALE
For Petroleum News Bakken

After four months of jockeying for position in a proxy fight with billionaire Paul Singer’s Elliott Management Corp., Hess Corp. has added three of the activist investor’s five director nominees — Rodney Chase, Harvey Golub and David MacManus — to its board of directors, thereby ending off a shareholder vote on competing slates of candidates.

Elliott withdrew its proposed slate and supported the company’s five board nominees in exchange for the three seats, Hess reported May 16.

With departures, nine of the 14 people on the New York-based oil company’s board are new. The agreement was announced hours before Hess was expected to report the results of shareholder voting at its annual meeting in Houston.

The Hess board also agreed to appoint two of the Elliott nominees to a five-member nominating and corporate governance committee, and one Elliott nominee would be appointed to the compensation committee.

The board also elected Mark Williams, Ph.D., former head of Royal Dutch Shell’s downstream business, as its new non-executive chairman. Hess decided to separate the jobs of chairman and chief executive officer several days before the shareholder meeting May 16. John B. Hess will continue in his role as the company’s CEO.

Williams, 61, is one of the five directors that Hess nominated to the board. Williams headed Royal Dutch Shell’s downstream business for four years until 2012. A Rhodes Scholar at Oxford University, Williams earned a doctorate in theoretical physics from Stanford University. He joined Shell’s upstream business in the United States in 1979 and worked his way through a variety of upstream and downstream positions in the company, including executive vice president of supply and distribution in oil products. Williams now serves as chairman of the executive committee of the Athabasca Oil Sands Project and chairman of the downstream committee of the American Petroleum Institute.

**Hamm will seek ‘no fault’ divorce decree**

**CONTERENTIAL RESOURCES CEO**

Harold Hamm’s hometown newspaper, the Enid News of Enid, Okla., has reported that the oil tycoon and his wife, Sue Ann, reached an agreement in their divorce, according to a May 15 statement issued by Hamm’s attorney, Craig Box.

“The Hamms have agreed to a no-fault divorce based on irreconcilable incompatibility,” Box wrote.

A hearing scheduled for May 20 in Oklahoma County District Court was canceled. The hearing was meant to determine the date the couple separated, according to the statement.

A trial date has not yet been set.

The Hamms confirmed that they are seeking a divorce in March. Forbes lists Harold Hamm, 67, at No. 35 on the Forbes 400 list of the richest people in America with a net worth of $11.3 billion, as of March 2013.

Box said Hamm would have no further comment in the “private matter” as the couple works through the divorce process.

The Oklahoma newspaper reported that the Hamms have filed for divorce on two other occasions, but both times — Nov. 9, 1998 and Oct. 27, 2005 — the case was dismissed.

**Baytex Energy re-elects directors**

**ALL EIGHT OF THE NOMINEES**

seeking re-election to the board of directors of oil and gas independent Baytex Energy Corp. of Calgary, Alberta, won their seats at the May 14 annual and special shareholders meeting.

Two of the nominees, investment banker R.E.T. “Rusty” Goepel, 70, and chartered accountant Gregory K. Melchun, 59, each won a startling 99.5 percent of the nearly 58 million votes cast.

All but one of the remaining nominees won at least 83.3 percent of the shareholders’ votes, while Calgary tax lawyer John A. Brassa, 55, squeaked by with a comparatively slim majority of 69.2 percent of the votes cast.

**Quicksilver elects new chairman**

W. YANDELL ROGERS III WAS ELECTED as chairman of Quicksilver Resources Inc. following the company’s annual meeting of shareholders May 15. Quicksilver holds 170,000 net acres in the Southern Alberta Bakken Basin of northwest Montana. Rogers succeeded Thomas F. “Toby” Darden, who will continue as a Quicksilver employee until Dec. 31 and will remain on the company’s board as a director and chairman Emeritus. Rogers, who earned a bachelor’s degree in finance from Southern Methodist University, has served as chief executive officer of Lewisiston Atlas Ltd., a privately owned holding company with investments in service, manufacturing and oil and gas interests since 2008.

Paradigm plans new N.D. pipeline

Paradigm Midstream, a wholly owned subsidiary of Dallas-based Valor Petroleum, said May 15 it is planning to construct a new 70-mile, 12-inch pipeline from Johnsons Corner in northeast McKenzie County, N.D., northeast to the New Town in southeastern Mountrail County, then north to Stanley in central Mountrail County.

Paradigm has entered into an agreement with Dakota Plains Holdings and its joint venture partner Petroleum Transport Solutions, a wholly owned subsidiary of World Fuel Services Corp., to connect to the Pioneer transloading facility at New Town in southeastern Mountrail County. In addition, Paradigm said agreements are being finalized to connect the new pipeline to Enbridge’s North Dakota pipeline system at Stanley...

Paradigm said agreements are being finalized to connect the new pipeline to Enbridge’s North Dakota pipeline system at Stanley, which, in turn, connects to the Enbridge Berthold rail loading facility and to additional pipeline capacity downstream of Berthold. The company said the pipeline will add 120,000 barrels of oil takeaway capacity.

Paradigm has also partnered with the independent investment firm Stonepeak Infrastructure Partners to provide capital, resources and expertise to Paradigm for the pipeline and associated Bakken projects. Paradigm said permitting is under way and construction is expected to begin in late 2013 with service scheduled to begin in 2014.

—MIKE ELLIOTT

Contact Rose Ragsdale
at rose@rose.ragsdale@gmail.com

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**MOVING HYDROCARBONS**

Paradigm plans new N.D. pipeline

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Abraxas continues asset sales

By GARY PARK
For Petroleum News Bakken

A three-pronged strategy by San Antonio-based Abraxas Petroleum Corp. to shed non-operating assets will see more proceeds directed to “higher returning” interests in the Bakken and Eagle Ford and build on its first-quarter gains, company President and Chief Executive Officer Bob Watson told an earnings call with analysts.

He said the rationalization of the company portfolio—to focus the portfolio, deliver the balance sheet and increase production—is expected to result in sales of Bakken assets once offers have been evaluated.

“After further evaluation of the properties and the removal of several properties due to secondary prospectivity, the total package being offered now consists of approximately 13,618 net acres,” which have most recently yielded 343 barrels of oil equivalent per day, the company said in a statement.

Crude oil and natural gas liquids accounted for 58 percent of the production stream.

Watson said the overall program saw Abraxas respond by producing 4,216 bpd of crude oil equivalent, although Bakken operations were affected by winter weather, compared with 3,815 bpd in the same period of 2012, followed by a strong April.

“We remain confident that this production momentum will continue,” he said.

Abraxas reported a first-quarter net income of $595,000, down from $817,000 in the same period of 2012, but an improvement from last year’s total loss of $18.8 million.

Revenue for the latest reporting period rose to $21.2 million from $16.4 million a year earlier.

Abraxas said it plans to run one drilling rig in both the Bakken and Eagle Ford for the foreseeable future.

In the Bakken, it is placing multiple wells on each pad and hopes to apply the same technique in the Eagle Ford, with four wells on each pad, the company said.

Watson said Abraxas will pay close attention to the well performance of other companies in West Texas, leaving others to do the research to establish the potential of the field, adding that basically all of the Abraxas acreage is not faced with early expiries of mineral leases.

He said Abraxas also has the opportunity to acquire “small tracts of property” in the Eagle Ford that larger companies are unable to drill profitably. “Small deals mean a lot to us,” he said.

The company said it recently learned that Canadian-based Insignia Energy, in which Abraxas holds a legacy position of 100,366 shares from a merger with a former Abraxas subsidiary, received a non-binding proposal from its largest shareholder to be taken private at an all-cash offer of $1.35 per share.

In addition, Abraxas recently sold its remaining Oklahoma properties at a May clearinghouse auction for gross proceeds of $470,000, for largely non-operated assets that produce about 11 bpd of oil and 506,000 cubic feet of gas.

Contact Gary Park through gpark@petroleumnews.com

PEOPLE TRANSPORT

New stop for Amtrak?

Amtrak plans to study the feasibility of adding a stop in Culbertson, Mont., for people traveling to the Bakken region for work.

The U.S. senators from Montana, Jon Tester and Max Baucus, who made the announcement May 21, had originally requested the study to give oilfield workers another transportation option. They contend oilfield jobs are drawing workers from all over Montana, but some are finding it difficult to make the long commute.

The senators’ written request to Amtrak notes the Culbertson stop would be 54 miles east of Wolf Point, Mont., and 43 miles west of Williston, N.D. It also points out that housing, an extended-stay motel and two other motels are being built in Culbertson to accommodate the increasing number of oilfield workers.

“With the flood of new workers, the demand to construct new infrastructure and to improve existing infrastructure is constantly increasing,” Tester and Baucus wrote in the letter to Amtrak. “The Empire Builder plays a critical role in filling the growing transportation infrastructure needs of the Bakken region, and as the region continues to grow, it is important to look for smart ways to increase the Empire Builder’s capabilities.”

Culbertson Mayor Gordon Oelkers says the town has a building where the Amtrak stop could be located.

“Thanks to the oil boom around us, Culbertson is the ideal spot for a new Amtrak stop,” Oelkers said. “We are right in the middle of major eastern Montana transportation routes and we have the existing facility to make adding the stop a viable option for Amtrak. I appreciate Jon and Max for constantly looking for ways to help eastern Montana.”

—The Associated Press contributed to this report

The Bakken Explorers is coming in August 2013.

Advertising sales close June 21. Call today to reserve space.
Highlights from this week’s Bakken Stats include the North Dakota and Montana oil production charts, with Continental Resources the top producer in both states in March, based on output from the wells it operates. In March almost 85 percent of all North Dakota oil production came from the Bakken petroleum system, which includes a number of formations such as the Bakken, Three Forks and Pronghorn. Specifically, per state records, about 782,812 barrels of oil were produced daily in North Dakota in March, with approximately 658,835.7 barrels coming from the Bakken petroleum system (extracted field by field by Petroleum News Bakken from state records). The rest of the oil came from other petroleum systems, such as the Tyler, Mission Canyon, Duperow and Red River. Technically the Bakken petroleum system is a tight oil or tight sands play, not a shale play, with most of the oil coming from the Middle Bakken dolomite member, but companies such as Slawson Exploration have begun to tap the Upper Bakken Shale source rock. Unfortunately, the source for that oil in North Dakota state records is often simply listed as “Bakken,” so it’s not possible to break down how much oil actually comes from shale. At this time it’s most certainly a very small percentage, but that could change in the future. Montana’s total oil production numbers for March are not yet available, but its Bakken daily average for the month was 33,771.3 barrels — as compared to North Dakota’s 658,835.7 barrels per day. Cedar Creek Anticline assets transferred The North Dakota well operator transfer chart this week reflects Burlington Resources Oil and Gas (ConocoPhillips) late 2012 sale of its Cedar Creek Anticline assets in southwestern North Dakota to Denbury Resources’ subsidiary Denbury Onshore. In a separate transaction, ExxonMobil subsidiary XTO Energy acquired Denbury’s Bakken assets in Northwestern North Dakota in a deal that also closed...
Top 50 North Dakota Bakken oil producers

March 2013

1 Continental Resources, Inc. 72,145.4
2 Whiting Oil and Gas Corporation 66,783.7
3 Hess Corporation 66,265.3
4 EOG Resources, Inc. 46,227.7
5 Statoil Oil & Gas LP 42,907.4
6 Marathon Oil Company 38,121.6
7 XTO Energy Inc. (ExxonMobil) 37,433.2
8 Kodiak Oil & Gas (USA), Inc. 27,096.3
9 Oasis Petroleum North America LLC 24,110.0

North Dakota oil permit activity

May 14 – May 20, 2013

Bakken oil permit activity

North Dakota oil permit activity

Oxy USA (Occidental Petroleum Corp.)
Evelyn Kary 2-22-15H-144-97; SWSW 22-144N-97W; 449FTL and 665FWL; Cabernet; horizontal, 2,409' ground; 523FWL; 5/20/2013
State Jaeger B 6-27-34H-144-97; SWW 22-144N-97W; 424FTL and 702FWL; Cabernet; horizontal, 2,403' ground; 5/20/2013

Golden Valley Co.

Permits issued
Petro-Hunt
Lardy 139-105-24H-3-1; SWSW 24-139N-105W; 1,155FTL and 660FWL; Wildcat; on confidential status; 2,885' ground; 523FWL; 33-033-00133; 5/13/2013

McKenzie Co.

Permits issued
Burhans Oil Resources and Gas (ConocoPhillips)
Washburn 43-363RM; NENE 36-353N-95W; 2,409FTL and 241FTL; Charlie; on confidential status; 2,331' ground; 523FWL; 33-033-00507; 5/20/2013
Washburn 43-363RM; NENE 36-353N-95W; 2,358FTL and 240FTL; Charlie; on confidential status; 2,332' ground; 523FWL; 33-033-00506; 5/20/2013

Emerald Oil
Excelsior 4-25-35H; NENE 25-145N-102W; 363FWL and 2,300FTL; Boxcar Butte; horizontal, 2,295' ground; 523FWL; 33-033-00502; 5/17/2013
Excelsior 4-25-35H; NENE 25-145N-102W; 287FTL and 2,350FTL; Boxcar Butte; horizontal, 2,294' ground; 523FWL; 33-033-00503; 5/17/2013
Excelsior 5-25-35H; NENE 35-139N-102W; 287FTL and 2,400FTL; Boxcar Butte; horizontal, 2,295' ground; 523FWL; 33-033-00504; 5/17/2013

Hunt Oil
Antelope 1-17-20H; NWNE 17-149N-101W; 363FTL and 1,726FTL; Sather Lake; on confidential status; 2,285' ground; 523FWL; 33-033-00505; 5/17/2013

Leland Properties
Leland SWD#1
May 14 – May 20, 2013
continued from page 9

ND PERMITS

GEP Energy
Emis 3-21-1BH (LOT 4-21446190; 3312FNL; 1,087FWL; Paul, horizontal, vertical, 600 FSL/730 FEL); a BBHL of 18,696 feet at SE SW 7-26N-52E (200 FSL/1298 FEL) and an SHL of 26,564 feet at SW SE 26-24N-52E (700 FNL/700 FEL) and a BBHL of 13,049 feet at NE 4-23N-52E (767 FNL/771 FEL) and turned in an IP of 130 BOPD, 124 MCFPD and 136 BWPD. The Rustler 1-4H, with an SHL at NE SE 26-24N-52E (245 FNL/313 FEL), the report IP was 490 BOPD, 539 MCFPD and 275 BWPD. The Android 1-6H has an SHL at SE SE 19-24N-53E (208 FSL/784 FEL) and reported an IP of 169 BOPD and 64 MCFPD. Slawson Exploration Co. Inc. filed a completion report for the Boomerang 3-4H. … The Boomerang was drilled into the upper Bakken shale member versus the non-shale middle member, which is what almost all Bakken formation wells target. The well reported an IP of 414 BOPD, 124 MCFPD and 903 BWPD.

Slawson Exploration Co. Inc. filed a completion report for the Boomerang 3-4H. … The Boomerang was drilled into the upper Bakken shale member versus the non-shale middle member, which is what almost all Bakken formation wells target. The well reported an IP of 414 BOPD, 124 MCFPD and 903 BWPD.

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MT PERMITS

52E (295 FNL/1598 FWL) and a BBHL of 13,818 feet at SE SW 35-24N-52E (200 FSL/1298 FEL) and a PBHL of 13,818 feet at SE SW 35-24N-52E (200 FSL/1298 FEL) and a PBHL of 13,818 feet at SE SW 35-24N-52E (200 FSL/1298 FEL). The well was the Lassen 41-26TFFH in McKenzie County, which produced 2,894 barrels of oil in the first 24 hours. Whiting Oil and Gas wells in Stark County took second and third place, with 2,312 and 1,890 barrel IP rates.

—KAY CASHMAN

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HIGHLIGHTS

in late 2012 (see PNB’s Feb. 17 Bakken Stats section).

ConocoPhillips, Whiting take top IPs

ConocoPhillips, which operates as Burlington Resources in the Williston Basin, filed for an initial production rate, or IP, from wells that were filed as completed or released from confidential status with the state of North Dakota from May 14 to May 20. The well was the Lassen 41-26TFFH in McKenzie County, which produced 2,894 barrels of oil in the first 24 hours. Whiting Oil and Gas wells in Stark County took second and third place, with 2,312 and 1,890 barrel IP rates.
# IPs for North Dakota Bakken wells

## Petrol-Hunt
22102, Thomas 159-94-7A-14-84H, North Dakota; file 154-99-16A-5H; Williams; horizontal; N/A; N/A; N/A

## Burlington Resources Oil and Gas (ConocoPhillips)
24136, Lassen 41-267TH, Blue Buttes; NENE 26-155N-90W, 25E; McKenzie; horizontal; 20,856; 3/28/2013; 2,894 bbl

## Strike Oil
22865, Statoil Oil and Gas

## Strike Oil
22864, Whiting Oil and Gas

## Permits cancelled

## ND PERMITS

### Continue from page 11

## Top 10 Bakken wells by IP rate

<table>
<thead>
<tr>
<th>Operator</th>
<th>Well Name</th>
<th>County</th>
<th>Field</th>
<th>Location</th>
<th>Spacing</th>
<th>Depth</th>
<th>IP Rate</th>
<th>Date</th>
<th>Oil Flow Rate</th>
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</thead>
<tbody>
<tr>
<td>Burlington Resources Oil and Gas (ConocoPhillips)</td>
<td>24136, Lassen 41-267TH, McKenzie</td>
<td>McKenzie</td>
<td></td>
<td></td>
<td></td>
<td>2,894 bbl</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whiting Oil and Gas</td>
<td>22865</td>
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<td></td>
<td></td>
<td>3,344 bbl</td>
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<tr>
<td>Whiting Oil and Gas</td>
<td>22864</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,132 bbl</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G3 Operating (Halcon Resources Corp.)</td>
<td>22562, Fort Berthold 148-94-21A-20-3H, Dunn</td>
<td>Dunn</td>
<td></td>
<td></td>
<td></td>
<td>1,798 bbl</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petro-Hunt</td>
<td>22102, Thomas 159-94-7A-14-84H, Burke</td>
<td>Burke</td>
<td></td>
<td></td>
<td></td>
<td>1,193 bbl</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Note: This chart contains initial production rates, or IPs, for active wells that were filed as completed with the state of North Dakota from May 14 to May 20, 2013 in the Bakken petroleum system, as well as active wells that were released from tight-hole status during the same period, May 14 to May 20, 2013. The information was assembled by Petroleum News Bakken from daily activity reports from the North Dakota Industrial Commission’s Department of Minerals website and other sources. The name of the well operator is as it appears in state records, with the loss of an occasional Inc., LLC or Corporation because of space limitations. Some of the companies, or their Bakken assets, have been acquired by others. In these cases, the current owner is in parenthesis, such as ExxonMobil in parenthesis behind XTO Energy.

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Contact Ashley Lindly at
alindly@petroleumnewsbakken.com

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Consolidated Exploration
28173, Kendrick McGuiHoff 5-11-11H, North Souris; SWNW 1-164N-77W; ICB; Bottineau; horizontal; 5,784; 12/31/2012; 140 bbl

### G3 Operating (Halcon Resources Corp.)
22562, Fort Berthold 148-94-21A-20-3H, Dunn; 1,672 bbl

### Strike Oil
22417, Saviood 7-21H, Wildcat; NENE 7-155N-94W; N/A; Remullee; vertical; 5,150; 4/5/2013; 180 bbl

### Triangle USA Petroleum
22375, Shadow Butte 151-100-31-29-3H; McKenzie; 602 bbl

### Whiting Oil and Gas
22385, 5-13 45-H; Bell; NENE 17-140N-95W; 25E; Dunn; horizontal; 20,521; 5/14/2013; 1,890 bbl

### XTO Energy (ExxonMobil)
24130, Sir Walterparksadson 31-X2-L2; Heart Butte; NENE 12-155N-99W; 25E; Dunn; horizontal; 20,524; 11/24/2012; 2,132 bbl

### Zavanna
22597; 14-15H; Stockyard Creek; SWSE 14-155N-98W; N/A; Williams; horizontal; N/A; N/A

### Zemeyer
24165, GNR Federal 15-22H; Teton; NENE 10-155N-99W; 25E; Williams; horizontal; 21,240; 2/26/2013; 1,193 bbl

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Compiled by Ashley Lindly
North Dakota Bakken oil production by company
March 2013

The average North Dakota Bakken petroleum system production in March was approximately 782,812 barrels of oil per day. This compares to total North Dakota oil production for March of 658,835.7 barrels of oil per day. This compares to total North Dakota oil production for March of 658,835.7 barrels of oil per day. The difference coming from other petroleum systems, such as the Tyler, Mission Canyon, Duperow and Red River.

American Eagle Energy Corporation
Colgan – Bakken – Divide
Daily average: 1,799.3
Daily average: 705.7

Arsenal Energy USA, Inc.
Stanley – Bakken – Mountaintop
21,877

Bakken Hunter, LLC
Bounty School – Bakken – Divide
90,098

Crescent Point Energy Corp.
Crescent Point Energy Corp.
TSE
CPC
$33.51
$34.00

Bakken producers’ stock prices

Company
Exchange
Symbol
Closing price
Previous Wed.

Abraaxas Petroleum Corp.
NASDAQ
AXAS
$2.45
$2.38

American Eagle Energy Corp.
AMEX
ETC
$1.33
$1.96

Amarel Energy USA, Inc.
TSE
AUX
$0.40
$0.41

Baytex Energy Corp.
NYSE
BTX
$38.94
$37.63

Burlington Resources Co. (ConocoPhillips)
NYSE
COP
$63.75
$62.42

Continental Resources, Inc.
NYSE
CLR
$64.45
$64.00

Crescent Point Energy Corp.
TSE
CPC
$33.51
$34.00

Enerplus Resources USA Corp.
NYSE
ERF
$19.15
$18.61

Legacy Reserves Operating LP
NYSE
LCGY
$17.96
$17.85

Roosevelt – Bakken – Billings
516

North Fork – Bakken – McKenzie
26,610

Demores – Bakken – Billings
370

Roosevelt – Bakken – Divide
516

Daily average: 887

Field – pool – county – daily average barrels of oil
Daily average barrels for all fields combined

Baytex Energy USA Ltd.
Bakken – Divide
24,965
Bloomer Prairie – Bakken – Divide
6,231

Burg – Bakken – Divide
1,835

Garrett – Bakken – Divide
4,728

Lone Tree – Bakken – Williams
1,843

Lone Tree Lake – Bakken – Williams
3,781

Moraie – Bakken – Divide
1,188

Musta – Bakken – Divide
2,020

Plumer – Bakken – Divide
4,945

Skabo – Bakken – Divide
5,144

Smoky Butte – Bakken – Divide
3,191

West Ambrose – Bakken – Divide
12,677

Daily average: 779.6

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Skabo – Bakken – Divide
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Smoky Butte – Bakken – Divide
3,191

West Ambrose – Bakken – Divide
12,677
Montana Bakken oil production by company
March 2013

The information below is derived from State of Montana production reports and separated out by company. Note this is oil produced by wells operated by these companies; it does not identify the percentage of Bakken petroleum system oil, including Three Forks, which is actually owned by the company, so it might differ from what each company reports. It also does not include oil production from wells operated by others, in which these companies might hold an interest. The daily average was derived from dividing the total production by the number of days in March. The operator names used in this report are as they appear in State of Montana records, even though some of these companies or their Bakken assets might have been purchased by other companies. Also, two companies, Taqa and Vaalco, have not yet reported their March production, so the latest month they reported is included in this report.

Average daily Montana Bakken petroleum system production in March: approximately 33,771.3 barrels of oil per day.

**Abraaxas Petroleum Corp.**
Elm Coulee – Bakken – Richland 181
Lane – Bakken – Richland 22
Sidney – Bakken – Richland 0

Daily average: 6.5

**Charger Resources, LLC**
Elm Coulee – Bakken – Richland 1,301

Daily average: 41.97

**Continental Resources Inc.**
Elm Coulee – Bakken – Richland 350,301
Elm Coulee, Northeast – Bakken – Richland 14,599
Elm Coulee – Three Forks – Richland 0
Elm Coulee, Northeast – Three Forks – Richland 572
Wildcat Richland – Bakken – Richland 0

Daily average: 11,786.2

**Earstone Energy**
Spring Lake, West – Bakken – Richland 110
Vau – Madison/Bakken – Richland 400

Daily average: 16.5

**Enerplus Resources USA Corporation**
Charlie Creek – Bakken – Richland 154
Elm Coulee – Bakken – Richland 184,570
Epworth – Bakken – Richland 177
Grand – Bakken – Richland 119
Mustang – Bakken – Richland 365
Putnam – Bakken – Richland 18

Daily average: 12.5

**Burlington Resources Oil & Gas Company, LP**
(CongoPhillips)
Bakken – Dunn 13,522
Bakken – McKenzie 6,277
Bennett Creek – Bakken – McKenzie 1,595
Blue Buttes – Bakken – McKenzie 40,756
Bully – Bakken – McKenzie 3,102
Cabernet – Bakken – Dunn 11,737
Camel Butte – Bakken – McKenzie 19,746
Charlton – Bakken – McKenzie 18,543
Clear Creek – Bakken – McKenzie 64,350
Corral Creek – Bakken – Dunn 37,236
Croft – Bakken – McKenzie 11,615
Crooked Creek – Bakken – Dunn 6,107
Dunlap – Bakken – McKenzie 2,952
Eldah – Bakken – McKenzie 22,097
Fayette – Bakken – Dunn – 3,313
Hawkeye – Bakken – McKenzie 10,620
Haystack Butte – Bakken – McKenzie 71,137
Jim – Bakken – Dunn 3,264
Johnson Corner – Bakken – McKenzie 7,321
Koolen – Bakken/Three Forks – McKenzie 172,137
Kildire – Bakken – Dunn 7,640
Little Knife – Bakken – Dunn 30,391
Log – Bakken – McKenzie 1,352
Mondak – Bakken – McKenzie 0
Morgan Draw – Bakken – Golden Valley 1,258
Murphy Creek – Bakken – Dunn 41,958
North Fork – Bakken – McKenzie 15,048
Pershing – Bakken – McKenzie 12,283
Pierre Creek – Bakken – McKenzie 717
Sand Creek – Bakken – McKenzie 11,826
Twin Valley – Bakken – McKenzie 4,243
Union Center – Bakken – McKenzie 109,416
Westberg – Bakken – McKenzie 30,603
Wildcat – Bakken – McKenzie 1,827
Wifflin – Bakken – Dunn 1,451

Daily average: 22,543

**Carl H. Nordstrand**
Pierre Creek – Bakken – McKenzie 100

Daily average: 3.2

**Charger Resources, LLC**
Buchhorn – Bakken – McKenzie 109
Johnson Corner – Bakken – McKenzie 196
Morgan Draw – Bakken – Golden Valley 170
Pierre Creek – Bakken – McKenzie 0

Daily average: 15.3

**Cheyenne Operating, Inc.**
Wildcat – Bakken/Three Forks – STG/KGV 0

Daily average: 0

**Citation Oil & Gas Corporation**
Sadler – Bakken – Divide 103

Daily average: 3.3

**Contador Petroleum, Inc.**
Hayland – Bakken – Divide 57
Stormview – Bakken – Divide 127

Daily average: 5.9

**Continental Resources, Inc.**
Alkali Creek – Bakken – Mountain 44,911
Avoca – Bakken – Williams 17,433
Bakker – Bakken – Williams 13,086
Banks – Bakken – McKenzie 146,721
Barta – Bakken – Billings 2,521
Brockman – Bakken – McKenzie 5,477
Buckol Noonan – Bakken – Divide 2,092
Burr Creek – Bakken – Divide 7,365
Burr Creek – Bakken – Golden Valley 3,197
Beaver Creek Bay – Bakken – McKenzie 123
Beaver Lodge – Bakken – Williams 256
Bell – Bakken – Stark 3,364
Bicentennial – Bakken – McKenzie 855
Big Gulch – Bakken – Dunn 7,679
Blacktail – Bakken – Billings 2,031
Bluffton – Bakken – Divide 5,136
Bordor – Bakken – BRK/DV 3,940
Brooklyn – Bakken – Richland 101,363
Bully – Bakken – McKenzie 4,243
Cabernet – Bakken – Dunn 13,539
Camel Butte – Bakken – McKenzie 1,489
Camp – Bakken – McKenzie 146,067

Daily average: 9,996.4

**Vaalco**
(Disclosure production)
Salt Lake – Bakken – McKenzie 532

Daily average: 17.2

**Whiting Oil and Gas Corp.**
Elm Coulee – Bakken – Richland 152
Elm Coulee, Northeast – Bakken – Richland 67,693
Elm Coulee, Northeast – Three Forks – Richland 4,082
Elm Coulee, Northeast – Three Forks – Sheridan 1,116

Daily average: 2,356.1

**XTO Energy Inc.**
Elm Coulee – Bakken – Richland 181,952

Daily average: 5,890.4

Compiled by Joshua Borough

<table>
<thead>
<tr>
<th>Well(s) transferred on Feb. 4 in Dunn, Billings, McKenzie and Walsh counties</th>
<th>Operator transfers on Feb. 4 in Dunn, Billings, McKenzie and Walsh counties</th>
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<tbody>
<tr>
<td>To: Denbury Onshore, LLC</td>
<td></td>
</tr>
<tr>
<td>May 17, 2013</td>
<td></td>
</tr>
</tbody>
</table>

To: Denbury Onshore, LLC

May 17, 2013

From: Burlington Resources Oil and Gas LP (ConocoPhillips)

To: Denbury Onshore, LLC

The following May 17 well operations transfers reflect asset sales. In a separate transaction, ExxonMobil subsidiary XTO Energy acquired Denbury’s Bakken petroleum system assets in a deal that closed in the fourth quarter of 2012. That acreage is in the “High-performance Bakken and Upper Three Forks” close to existing XTO properties, a company spokesman said in February. See Petroleum News Bakken’s Feb. 17 Bakken Stats section, which shows those northwestern North Dakota well operator transfers on Feb. 4 in Dunn, Billings, McKenzie and Walsh counties.

### North Dakota well operator transfers

**April 20 — May 17, 2013**

### RESISTANT MODULES NOW AVAILABLE NOW DELIVERY

**For More Info**

http://bit.ly/184HsV0

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**Note:** ConocoPhillips said April 25 that it is anticipating its Lower 48 production to remain flat in the second quarter due to scheduled downtime along with the recent sale of the company’s Cedar Creek Anticline assets in southwestern North Dakota and eastern Montana to Denbury Resources (Denbury Onshore is a subsidiary). The following May 17 well operations transfers reflect asset sales. In a separate transaction, ExxonMobil subsidiary XTO Energy acquired Denbury’s Bakken petroleum system assets in a deal that closed in the fourth quarter of 2012. That acreage is in the “High-performance Bakken and Upper Three Forks” close to existing XTO properties, a company spokesman said in February. See Petroleum News Bakken’s Feb. 17 Bakken Stats section, which shows those northwestern North Dakota well operator transfers on Feb. 4 in Dunn, Billings, McKenzie and Walsh counties.

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http://bit.ly/184HsV0

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**Note:** ConocoPhillips said April 25 that it is anticipating its Lower 48 production to remain flat in the second quarter due to scheduled downtime along with the recent sale of the company’s Cedar Creek Anticline assets in southwestern North Dakota and eastern Montana to Denbury Resources (Denbury Onshore is a subsidiary). The following May 17 well operations transfers reflect asset sales. In a separate transaction, ExxonMobil subsidiary XTO Energy acquired Denbury’s Bakken petroleum system assets in a deal that closed in the fourth quarter of 2012. That acreage is in the “High-performance Bakken and Upper Three Forks” close to existing XTO properties, a company spokesman said in February. See Petroleum News Bakken’s Feb. 17 Bakken Stats section, which shows those northwestern North Dakota well operator transfers on Feb. 4 in Dunn, Billings, McKenzie and Walsh counties.
SOUR REJECTIONS

facility runs the risk of having these ship-
ments rejected farther downstream.

On May 5, Enbridge measured hydro-
gen sulphide in air to 20 ppm, which is the max-
imum concentration to which a worker can be exposed during any part of a work day.

Following submittal of Enbridge's May 8 request, Plains Marketing quickly protested and on May 10 submitted a motion with FERC to intervene in the mat-
ter and asked FERC to reject Enbridge's rate filing.

Plains says in its May 10 filing that it has historical shipper space of 7,500 bar-
rels of oil per day for the last two years, and its affiliate, Plains Marketing North Dakota, and historic concentration in 17,500 bopd over the last two years. It says that "...the abruptness with which Enbridge North Dakota has sought to implement the new hydrogen sulphide standard has left Plains in the extremely difficult position of potentially having to shut in up to approxi-
mately 4,000 barrels per day of crude petroleum that might exceed the proposed standard." Additional, Plains argues in its May 10 filing that Enbridge only provided a one-day notice of implementation of the new hydrogen sulphide standard, and also argued that two other Bakken-area pipelines, Bridger Pipeline and Belle Fourche Pipeline, recently implemented hydrogen sulphide standards of 10 ppm. Plains also argues that any filing by Enbridge should provide shippers with a 30-day notice to allow sufficient time for the shipping company to comply.

In its filing Plains says it is sympathet-
ic to the health, safety and welfare of Enbridge employees, but notes that other Bakken play pipelines have found hydro-

by the carrier or that may otherwise cause disadvantage to the carrier." According to Enbridge, Minnesota Pipeline has a similar provision.

In addition, Enbridge says that it deter-
mined that elevated levels of hydrogen sul-
fide could also have negative effects on the quality of crude oil in its comingsled sys-
tem. "There was a substantial risk that downstream facilities, including rail facili-
ties, would not accept delivery of crude with high levels of hydrogen sulfide result-
ing in significant economic loss to ship-
ers on the system." Enbridge says that any crude oil with a hydrogen sulfide concentration of 5 ppm or less could be accepted, but it doesn't necessarily preclude accepting crude with a concentration above 5 ppm hydrogen sul-
fide, and Enbridge wants to obtain infor-
mation necessary to determine if it should reject certain shipments, and says shippers can still ship crude oil with some levels of hydrogen sulfide as long as Enbridge has advance notice with the information neces-
sary to both protect its employees and to ensure that the crude will be accepted for downstream delivery.

In addition, Enbridge says it can man-
age the crude quality and human exposure for certain routes and can potentially dilute the hydrogen sulfide concentration depending on the volumes of other crude that will be transported. To that end, Enbridge says it is prepared to accept rea-
sonable amounts of crude with hydrogen sul-

What's the source of the sulfide?

Bakken crude is generally known to be a light, sweet crude, i.e., it is noted for its low sulfur content, which is certainly one of its attributes. So where is the hydrogen sulfide coming from?

Lynn Helms, director of the Oil and Gas Division of the North Dakota Industrial Commission's Department of Mineral Resources, believes it's coming from tradi-
tion production sources in the Williston Basin, such as the Spearfish, Madison and Red River formations. Of the 782-812 bopd that North Dakota produced in March, approximately 65,000 bopd came from such non-Bakken or traditional pro-
duction sources. However, Helms noted in a conference call in March that sulphur had been showing up in some new Bakken wells, so the source of the sulphide at the Berthold facility could be from both Bakken and non-Bakken production.

Contact Mike Ellerd
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Shale Exploration to provide payment of company’s request. BLM then asked to Shale Exploration on Nov. 6 at the lease from a spreadsheet it had provided the agency realized it had omitted one Exploration’s funds to individual leases, Shale Exploration hand delivered a check Exploration between Nov. 1 and Nov. 6, communications between BLM and Shale transaction due on Nov. 6. After several communications, the amount amounted to $281,869.50, with the balance due, i.e., the down payment, which amounted to $281,869.50, with the balance due on Nov. 6. After several communications, the national political agenda had changed for the worse for the oil industry. After the election there was so much uncertainty regarding rules and regulations governing oil and gas development on federal land that the prospect of developing the McCone County leases became questionable, Sam Tallis, Shale Exploration president and principle, told Petroleum News Bakken. Consequently, the company decided not to pursue the McCone County leases and requested BLM refund the money, knowing it would forfeit its down payment of $281,869.50.

“Basically it was the uncertainty and onerous nature of oil and gas development on BLM land that led us to the decision,” Tallis said. “And we also had advice from relationships with major players in the basin.”

And he said there was much more money the company would have had to invest.

“This isn’t the only amount of money you have to spend to put this thing together, you got to go in there and pick up all of the fee acreage too.”

But Shale Exploration still believes there is potential in the McCone County prospect, Tallis said, adding that the company wasn’t the only bidder on the McCone County tracts, which is why the bidding went as high as $300 per acre.

“Do we believe in the area? Absolutely,” he said.

Shale Exploration said it’s looking at other more promising ventures and is currently working on prospects in the Williston Basin and in the Niobrara shale play.

The company also has a drilling program underway in west and south Texas. Shale Exploration is Apache Corp.’s partner in Daniels County, Mont., where operator Apache has not yet announced whether it will proceed with development of the 400,000 acres it shares with minority partner Shale Exploration.

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On the web

See previous Petroleum News Bakken coverage about McCone County or Shale Exploration and/or its partner Apache Corp.

“BLM gets bids on only 8%” in the May 10, 2013 issue at www.petroleumnewsbakken.com/pnads/2
34960494.shtml

“Alta, Bakken uneconomic” in the May 5, 2013 issue at www.petroleumnewsbakken.com/pnads/1
19291252.shtml

“Is Apache pulling out of Bakken fringe?” in the March 24, 2013 issue at www.petroleumnewsbakken.com/pnads/1
08526643.shtml

“McCone County new Montana hot spot?” in the Nov. 4, 2012 issue at www.petroleumnewsbakken.com/pnads/1
14031102.shtml

“Apache pleased with oil shows in logs from first Bakken well” in the Nov. 18, 2012 issue at www.petroleumnewsbakken.com/pnads/2
26834964.shtml

“Ahead of the pack” in the July 7, 2012 issue at www.petroleumnewsbakken.com/pnads/4
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Randall Sickler, partner in Daniels County, Mont., where operator Apache has not yet announced whether it will proceed with development of the 400,000 acres it shares with minority partner Shale Exploration. —MIKE ELLERD

Contact Mike Ellerd at mellellard@petroleumnewsbakken.com
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**ENERPLUS INTEREST**

totaled 79 million cubic feet per day. Because of the Marcellus location and low-cost structure, Enerplus said its gas is currently yielding a netback of about $2.50 per thousand cubic feet.

In the current quarter, Enerplus said it sold about 600 barrels of oil equivalent per day of low working interest oil production in southeast Saskatchewan and Alberta for C$58 million.

**Some properties marketed**

To further focus its portfolio and provide additional funding for its capital program, the company is also marketing a package of small non-core properties producing about 1,300 boe per day of mainly oil.

Dundas said Enerplus would like to accelerate its divestment activity, but he cautioned the company faces a “tough market” in which “many companies are looking to sell assets, many of whom have issues with their debt.”

“That is not our situation. The strength of our balance sheet provides us with a lot of flexibility. “Our plan remains to be strategically opportunistic. We have a very solid track record of making those deals happen,” he said.

Dundas, who takes over as president of the company in North America, said, “We continue to lead the way. Thank you to the Oilpatch for 45 years of continued success through the ups & downs. We wish to thank Lister Industries for their support in all we do.”

**Fort Berthold**

- Total PV reserves have nearly quadrupled since 2010 at Fort Berthold
- 1911MMBOE at end of 2013, up 23% from YE 2012
- Actived 34.2 MMBOE of reserves at PBO cost (10% POC) of $22/MMBOE
- 50% proves with 83 net PUD locations
- 2012 recycle ratios of 2.0 times
- 332 MMBOE of assessed contingent resources at Fort Berthold at end of 2012
- 214 MMBOE in the Three Forks

**Fort Berthold Long HZ Well Performance**

- Well results in line with expectations
- Bakken or Three Forks and not delineated
- Gbbel
- Shale gas
- 100% working interest
- Producing rate at 12.5 bbls/MMscf
- Total 1911MMBOE
- Promoteable tight
- Sweet gas
- 100% owned
- C$95.06 for the additional 1,000 bpd of crude at a fixed rate of West Texas Intermediate-Nymex of C$97.43 for 500 bpd and C$95.03 for the remaining 500 bpd.

In another Bakken-focused report by a Canadian-based company, DeeThree Exploration said it has been very active in the Ferguson Alberta Bakken property entering the second quarter and currently has two rigs on the property.

**First quarter successes**

The company has hiked its 2013 guidance due to first quarter successes combined with better-than-expected drilling results to 9,600-10,000 boe per day (81 percent crude oil and natural gas liquids) and set its 2013 average at 7,600-8,000 boe per day (76 percent crude and liquids).

The company said it has hedged an additional 1,000 bpd of crude at a fixed rate of West Texas Intermediate-Nymex of C$97.43 for 500 bpd and C$95.03 for the remaining 500 bpd.

First quarter drilling activity included the rig release of six (5.9 net) wells on the Brazeau Belly River property in southern Alberta, one 100 percent working interest well on the Ferguson Alberta Bakken and one (0.29 net) non-operated well in the Peace River Arch of northern Alberta.

DeeThree reported net losses for the three months of C$627,000 compared with C$3.2 million in the same period of 2012 and posted an increase in production to 5,926 boe per day from 3,042 boe per day. Cash flow rose to C$16.79 million from C$5.74 million.

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PIPELINE LOGISTICS

Tesoro Logistics’ High Plains pipeline has historically run south from its connection with Enbridge at Portal on the Canadian border in northern Burke County across Lake Sakakawea to Johnsons Corner where it turns southeast and extends to the Tesoro refinery at Mandan. The system also has a loop that spurs from the trunk line between Johnsons Corner and Mandan and runs southwest through Fryberg, then up through Alexander and back into the trunk line north of Johnsons Corner. There is also a lateral that extends as far west as Richey in Dawson County in eastern Montana. That High Plains loop has connections to Bridger, Belle Fourche and Little Missouri pipelines.

By reversing the segment of the High Plains pipeline from Johnsons Corner north across Lake Sakakawea, Tesoro Logistics’ will provide access to a number of crude oil export hubs, including Global Energy’s Basin Transload rail facility at Columbus near the Canadian border in northern Burke County, which is served by the Canadian Pacific, and Inergy Midstream’s COLT rail loading facility at Epping in Williams County, which is served by Burlington Northern Santa Fe. High Plains accesses the COLT terminal via the 21-mile COLT Connector bidirectional pipeline that runs from the Dry Fork terminal at the Beaver Lodge/Ramberg pipeline hub south of Tioga where the connector pipeline also ties into the Enbridge pipeline system.

The northbound High Plains reversal throughput is expected to be 50,000 to 70,000 barrels per day. The total cost of the project is estimated at $30 million, $20 million of which will be spent in 2013 with the project expected to be fully completed by mid-2014. However, Tesoro Logistics has already begun shipping small volumes of crude oil from the south side of Lake Sakakawea to the north side. Those volumes are expected to increase throughout the year.

As Petroleum News Bakken reported in late March, Tesoro Logistics and Global Partners are constructing a new seven mile crude oil pipeline that connects High Plains pipeline’s Lignite station to Global Partners’ Basin Transload facility at Columbus. That pipeline is expected to go into service in the third quarter of 2013. That additional throughput, coupled with the throughput from the High Plains reversal from Johnsons Corner, is expected to total 100,000 barrels per day. Tesoro Logistics also announced plans on May 6 to construct a new crude oil storage facility near Tioga. Plans are to connect that facility to Enbridge’s transport system as well as the Global and Inergy terminals.

POLAR OPS

Inergy Midstream’s COLT facility at Epping is a key milestone for Summit as it diversifies our service offerings and provides much needed gathering infrastructure in the region,” said Summit President and Chief Executive Officer Steve Newby in a May 17 press release. “We are excited about the potential of the Polar System given its strategic location in one of the largest and fastest growing crude oil basins in the United States.”

—MIKE ELLERD

New Vancouver terminal

Tesoro Corp., the parent company of Tesoro Logistics, announced plans in April to form a joint venture with Savage Cos., an energy supply chain management firm, to develop and operate a new 120,000 bpd crude oil unit train unloading and marine loading terminal at the Port of Vancouver on the Columbia River in southwest Washington state. Tesoro said the facility will be designed with a near-term expansion capacity of up to 280,000 bpd.

Although subject to regulatory approval, Tesoro expects the new Vancouver facility, estimated to cost between $75 million and $100 million, to be operational in 2014, providing another direct West Coast destination for Bakken crude oil. Tesoro has a refinery at Anacortes in northwest Washington where it has already been rail loading and refining Bakken crude oil.

“This project builds on the recent success that Anacortes refinery has as we were the first refiner to bring Bakken crude oil to the region via unit train,” said Tesoro President and Chief Executive Officer Gregory Goff in a May 2 conference call. “This project is equally as exciting because the Port of Vancouver is the most direct and cost-effective coastal outlet for Bakken crude oil from North Dakota, with a rail tariff lower than to Anacortes.”

Access to West Coast refineries

The Vancouver terminal offers options to get Bakken crude oil to any of Tesoro’s West Coast refineries, including two in California. Goff added that the price to ship Bakken crude oil to the company’s Anacortes refinery is $9.75 per barrel. The cost to Vancouver will actually be less, and an additional $2 to $4 per barrel would get the crude oil to California. Goff said Tesoro has already ordered additional rail cars as part of its rail strategy and expects to take delivery of the cars, which will be coiled and insulated, in mid-2014.

In addition, during a recent turnaround at the Anacortes refinery, Tesoro actually barged some Bakken crude oil to its Alaska refinery.

“In the quarter, we did actually take advantage to do a brief test run of Bakken actually in Alaska, while Anacortes was in turnaround in the month of March,” Goff said. “It actually came out with a relative refining value, probably at that time, closer to the $4 to $5 a barrel advantage up in Alaska.”

—PETROLEUM NEWS BAKKEN

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BAKKEN EXPLORERS

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With 1 and 2 above. The Bakken Explorers magazine will be mailed with the Aug. 11 edition of Petroleum News Bakken, and released Aug. 12 in Denver at the Unconventional Resources Technology Conference, which is a joint venture of the Society of Petroleum Engineers, the Society of Exploration Geophysicists and the American Association of Petroleum Geologists.

Nominations for E&P companies that qualify as explorers should be sent to Kay Cashman, publisher and executive editor of Petroleum News Bakken, via email at publisher@petroleumnewsbakken.com or by fax at 907-522-9583. An explanation of why an E&P company should be included in The Bakken Explorers should be included in the email or fax.