



Winter drilling near Mandaree



VERN WHITTEN PHOTOGRAPHY

Nabors rig, Looking northwest with Lake Sakakawea in the background.

BakkenLink gets BLM green light

On Oct. 26 the federal Bureau of Land Management released a finding of no significant impact and a decision record on the proposed BakkenLink crude oil pipeline in western North Dakota, giving the project its final regulatory green light.

With the determination that the proposed pipeline “will not have a significant effect on the human environment,” a more detailed environmental impact statement is not

see **BAKKENLINK** page 17

Barging ahead on Pacific Coast

Moving crude around the Lower 48 by barge is not that uncommon, until it comes to the Pacific Coast.

But Kirby Corp., which owns the largest tank barge fleet in the United States, is examining the possibility of delivering Bakken crude to California once the crude reaches Anacortes, Wash., by rail.

Kirby President Greg Binion said preliminary investigations suggest that arrangement might be economic, starting at 80,000

see **BARGING AHEAD** page 17

Rail needs cap-ex for tanker

A shortage of tankers poses one of the greatest infrastructure deficiencies standing in the way of rail transport for crude producers, a Calgary business conference heard Oct. 25.

That message from Randy Majors, business development and senior vice president for TransMontaigne Partners, was echoed by Glen Perry, marketing vice president for Grizzly Oil Sands, who forecast it will take two years to get the required number of coiled and insulated railcars on the tracks.

see **RAIL NEEDS CAP-EX** page 17

FINANCE & ECONOMY

Tight oil saves Conoco

Bakken, E.F output doubles; offsets earnings drop from low natural gas prices

By **ERIC LIDJI**

For Petroleum News Bakken

With domestic natural gas prices still below \$3 per thousand cubic feet, unconventional oil is playing an increasingly important role in the ConocoPhillips portfolio.

ConocoPhillips produced 102,000 barrels of oil equivalent from the Bakken and Eagle Ford plays during the third quarter, double what it produced from the two plays during the same period last year, the company said during a quarterly earnings call on Oct. 25.

The growth of unconventional oil is steadily pushing ConocoPhillips' domestic production profile toward liquids. Quarterly liquids production



JEFF SHEETS

increased 21 percent year over year, while natural gas production declined 3 percent over the same time period.

As a result, liquids now constitute 46 percent of ConocoPhillips' domestic production, up from 40 percent last year at this time. “We expect this liquids percentage to continue to grow and drive our margin expansion over time,” ConocoPhillips CFO Jeff Sheets said.

Even so, oil only stemmed the decline in earnings. ConocoPhillips does not break out earnings by area, but across its entire Lower 48 segment the company earned \$145 million during the third quarter, up from \$104 million in the second

see **TIGHT OIL** page 19

MOVING HYDROCARBONS

TC: Feasible to go east

Bakken in line for new outlets: Mainline conversion decision expected in early 2013

By **GARY PARK**

For Petroleum News Bakken

TransCanada has done everything but clear the way for a new pipeline route from the Bakken and Western Canada to refineries in Eastern Canada and on the U.S. Atlantic Seaboard.

Speaking to analysts Oct. 30, Alex Pourbaix, the company's president of energy and oil pipelines, said TransCanada believes that converting part of its natural gas Mainline to carry crude is technically and economically feasible.

He said a final decision on the option is now



ALEX POURBAIX

But neither Pourbaix nor Girling would be drawn into a detailed discussion on whether the project would open the door to shipping Canadian crude to Europe and Asia.

expected in early 2013, estimating the conversion would cost C\$5 billion to serve Montreal and another C\$200 million to reach Quebec City, but said no estimates have been developed for pipelines to Saint John, New Brunswick, or the east-

see **GO EAST** page 16

MERGERS & ACQUISITIONS

Halcon expands in WB

Petro-Hunt sells some Williston assets to Halcon; pension plan buys 10% of Halcon

By **MIKE ELLERD**

For Petroleum News Bakken

In a \$1.45 billion deal expected to close in December, Houston-based Halcon Resources is acquiring approximately 81,000 net acres and production of more than 10,500 barrels of oil equivalent per day in northwest North Dakota from Dallas-based independent Petro-Hunt. The deal increases Halcon's footprint in the Williston Basin to more than 135,000 net acres.

The acquisition consists of more than 38,000 acres in Petro-Hunt's Marmon area in Williams County where one rig is currently operating. The other acreages in the deal are in the Fort Berthold



FLOYD WILSON

area of Mountrail, McKenzie and Dunn counties and consist of more than 10,500 acres in Petro-Hunt's Antelope area and more than 16,500 acres in its McGregor Buttes area. There are currently two rigs operating in each of the two areas. Halcon will have an average working interest of approximately 70 percent across all three areas.

“Petro-Hunt has done a wonderful job of setting these properties up for large-scale future development, which we will begin to undertake now,” Halcon Chairman and Chief Executive Officer Floyd Wilson said in an Oct. 22 conference call. “Our strategy to build an attractive northerly asset base in a few core resource plays

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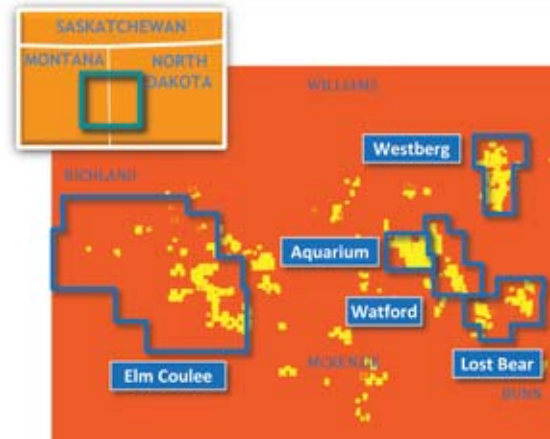
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● DRILLING & COMPLETION

WPX shifting to pad drilling in Bakken

With its entire leasehold nearly held by production, the company is now anticipating significant savings going forward

By ERIC LIDJI

For Petroleum News Bakken

Although logistical delays kept its Bakken production flat quarter-over-quarter, WPX Energy Inc. still expects to meet its production targets for the year from the play.

The Tulsa-based company produced 9,600 barrels per day from the Bakken during the quarter, up only slightly from 9,500 bpd in the second quarter, but up 66 percent from 5,800 bpd during the same period last year, according to third quarter financial data.

Pointing to its peak production rate of 10,500 bpd in October, and to the introduction of multi-well drilling after nearly two years of single wells, WPX said it is already making up for the delay and still expects to hit its year-end production target of 12,500 bpd.

“As a clear example of our growing efficiencies in the Bakken, we expect to complete 14 wells in the fourth quarter, compared to 22 wells during the first nine months of the year,” WPX CEO Ralph Hill said in a prepared statement. “The commencement of pad drilling is on schedule and we expect those efficiencies will drive down costs in 2013.”

Those drilling figures count gross wells. Through the first nine months of the year, WPX drilled 18 net wells and expects to complete 10 net wells during the fourth quarter.

WPX reported a net loss of \$64 million during the quarter, compared to net income of \$14 million during the third quarter of 2011. Quarterly revenues fell 24 percent year over year because of low prices and “approximately \$22 million in net losses on derivatives not designated as hedges, compared with \$12 million in net gains in third-quarter 2011.”

WPX spent around \$1.12 billion in capital expenses through the first nine months of the year, primarily in the Bakken, Marcellus Shale and Piceance Basin, and Hill said spending would level remain steady in 2013, barring a major shift in commodity prices.

Multi-well drilling

With the company on track to have all its Bakken acreage held by production by the end of the year, WPX is now shifting to pad drilling, a cheaper and more efficient method.

To meet lease commitments, companies often drill numerous individual wells across a leasehold. In this case, each single well bears the entire upfront cost of development, such as roads and pipelines, whereas pad drilling can create economies of scale.

With only five single wells left to drill, WPX recently converted its rig fleet for pad drilling and expects the “majority” of its drilling going forward to be on multi-well pads.

As it moves toward pad drilling, WPX believes its Bakken costs may have peaked.

Combining all its anticipated upstream efficiencies, the company expects to save between \$1.9 million and \$2.8 million per well next year. The factors driving those savings include up to \$1.5 million from switching to pad drilling and up to \$1.3 million from faster drilling cycles, improved completion techniques and lower completion costs.

Additionally, WPX expects its Van Hook gathering system to initially save it between \$2 and \$4 per barrel, a savings that could

double as the facility ramps up next year. The \$34 million system is intended to eliminate its need for trucking and flaring in the Bakken.

Because of those savings, WPX recently dropped a rig from its program.



RALPH HILL

Savings from market

Additional savings come from the market, where WPX is reporting continued improvement in the differentials between Bakken and West Texas intermediate pricing.

Over the course of the year, WPX saw the differential drop from \$17 per barrel in the first quarter to \$10 in the third quarter and expects a differential between \$5 and \$10 in 2013. “This dramatic improvement is

With the company on track to have all its Bakken acreage held by production by the end of the year, WPX is now shifting to pad drilling, a cheaper and more efficient method.

due to the improved takeaway capacity out of the basin, primarily rail,” Hill said, saying rail takeaway capacity grew from some 275,000 bpd to approximately 730,000 bpd this year, mostly late second and early third quarters.

With the more pad drilling, WPX is aiming for a \$10.5 million average drilling and completion cost in the Bakken, down from a current average around \$11.5 million.

At \$10.5 million, WPX believes its Bakken wells can earn an internal rate of return between 36 and 45 percent, before taxes, with West Texas Intermediate at \$90 per barrel.


This range of rates assumes estimated ultimate recovery rates of 710,000 and 805,000 barrels of oil equivalent, respective-

ly. At those rates, the internal rates of return jump to between 45 and 57 percent, before taxes, when West Texas Intermediate hits \$100.

Additionally, as WPX completes its obligatory wells, it is beginning to delineate its leasehold around Mandaree, N.D., in the western edge of the state, near Lake Sakakawea.









In its southern delineation area, WPX completed one well with an estimated ultimate recovery rate of 740,000 barrels, beating expectations by some 23 percent. The remaining wells in the area still need to be completed, as do wells in the eastern and western areas.

see WPX DRILLING page 4



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continued from page 3

WPX DRILLING

In-fill density project

Having drilled only 10 percent of its potential locations in the Bakken, WPX undertook an in-fill density project during the third quarter to help better understand its resource.

The project aims to find the “most geologically productive zones,” to “optimize completion designs” and to evaluate ways to increase drilling locations and reserves.

The seven-well program recovered 372 feet of cores from the entire Bakken and Three Forks formations, as well as from portions of the Lodgepole and

Birdbear formations.

The wells also collected seismic and specialty logs, and are currently testing pressure.

“So we have a ton of data coming in,” Hill said.

WPX drilled its seven wells in the program — four in the Bakken and three in the Three Forks — at an average cycle time of 26 days each, with the best well taking only 19 days.

All seven wells are currently in production. The company expects to have the initial results of what it describes as a “long term project” available in early 2013, Hill said. ●

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FINANCE & ECONOMY

Cenovus Energy finds conventional rewards

By GARY PARK

For Petroleum News Bakken

Cenovus Energy is rapidly broadening its heavy oil portfolio to incorporate conventional oil properties in Saskatchewan and Alberta which are strongly titled towards the Bakken and Lower Shaunavon plays in the Williston Basin.

The Calgary-based company is also stepping up its use of rail as it diversifies its options to get production to market.

In releasing its third-quarter earnings, Cenovus said it is aiming to boost output from its tight oil assets in southern Saskatchewan, its established Weyburn operation that uses carbon dioxide to enhance oil recovery and its properties in Alberta from a current 52,000 barrels per day to 65,000-75,000 bpd by the end of 2016. Weyburn yielded 16,000 bpd in the third quarter, up 3 percent from a year earlier, while Lower Shaunavon climbed 77 percent to 4,550 bpd and Bakken increased 18 percent to 1,700 bpd.

The company said it has 118 horizontal wells producing in the Lower Shaunavon and 27 producing wells in the Bakken.

It expects to make capital investments of up to C\$380 million this year on its new resource plays.

Cenovus reported it is moving 4,000-5,000 bpd of mostly Saskatchewan volumes by rail.

Next year it hopes to double that amount, depending on how many rail cars are available, said Dun Swystun, executive vice president, refining, marketing, transportation and development.

The decision to expand beyond its oil sands realm will play a key part in Cenovus' goal of raising gross production in its 50-50 joint venture with ConocoPhillips from 200,000 bpd currently to 600,000 bpd over the next five years.

Operating costs rise

Operating costs for conventional oil operations, excluding its Pelican Lake project, rose 19 percent year-over-year to C\$16.33 per barrel in the latest quarter.

Chief Executive Officer Brian Ferguson said the company is now on track to introduce an additional 40,000-50,000 bpd every year for the next several years.

But he was emphatic that Cenovus has “absolutely no intention and absolutely no need to do any acquisitions of any size other than continue to optimize on a tuck-in basis to improve out already very strong land base. Do not in any way expect us to be active in the acquisition market.”

On the selling end, Cenovus experienced a setback in late July when it pulled its Telephone Lake oil sands property off

see **CENOVUS** page 6

Petroleum News Bakken looking for writers

Prefer experienced reporters, but oil industry knowledge also valued. Contact Kay Cashman at publisher@petroleumnews.com or 907.561.7517



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● LAND & LEASING

McCone county dominates BLM sale

Montana/Dakotas Bureau of Land Management auction nets \$16 million; 80% from parcels in eastern Montana's McCone County

By MIKE ELLERD

For Petroleum News Bakken

The Bureau of Land Management's Montana/Dakotas office brought in just over \$16 million from 16 winning bidders in its Oct. 23 lease auction, selling 94,676 acres in 237 parcels in Montana and 2,698 acres in seven parcels in South Dakota. The Montana/Dakotas BLM office rotates among the three states in the four auctions it holds per year. This auction did not include any North Dakota parcels.

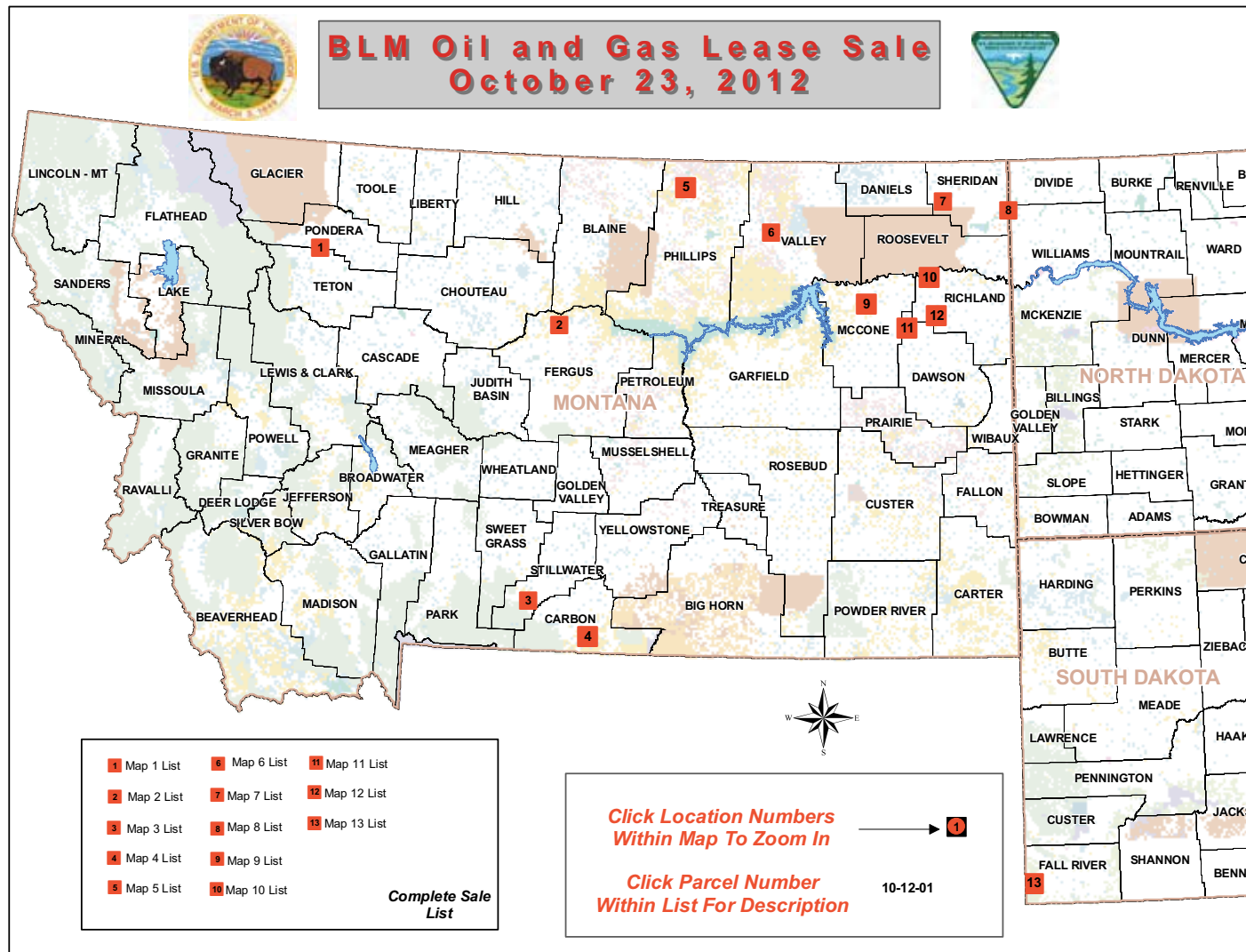
Of the 237 parcels sold in Montana, a vast majority, 195, were in McCone County in northeastern Montana. The other Montana parcels were scattered around the state in Carbon (19), Sheridan (nine), Stillwater (four), Dawson (three), Valley (three), Richland (two), Daniels (one) and Pondera (one) counties. All seven parcels in South Dakota were located in Fall River County, the far southwestern corner of the state.

\$13.6 million from Donco Inc.

The highest amount paid for a parcel was \$684,000 bid by Donco Inc. of San Antonio, Texas, for a 2,280-acre parcel in McCone County, which amounted to a per acre bid of \$300. Donco's total purchase was 73,699 acres in 153 parcels for approximately \$13,593,000, resulting in an average of approximately \$184 per acre. Donco is the parent company of Shale Exploration LLC, a Texas-based firm with offices in Billings and Scobey, Mont. (See related story on page 11).

Harvey Mineral Partners, L.P. of Dallas, Texas, was the second largest acreage buyer, purchasing 5,885 acres in 26 parcels for a total of \$1,320,500, all in McCone County. These McCone County parcels averaged approximately \$224 per acre.

The highest selling price per acre was \$1,500 paid by Bakken Assumptions LLC of Indianapolis, Ind., for a 40-acre parcel in Richland County, which borders North Dakota. Bakken Assumptions purchased a total 1,994 acres in 17 parcels, for



which it paid a total of \$281,061, resulting in an average of approximately \$194 per acre. Most of the Bakken Assumptions parcels were in McCone County, but other acreages were in Montana's Dawson, Richland and Sheridan counties.

Seven other bidders were successful in purchasing parcels in northeastern Montana in the Oct. 23 auction. JBL Montana Inc. of Billings, Mont., purchased one 1,169-acre parcel in McCone County and one 12-acre parcel in Richland County; Dallas-based Petro-Hunt purchased three parcels totaling 948 acres in Valley County; Highline Exploration Inc. of Billings, Mont., purchased five parcels in Sheridan County

totaling 758 acres; New Mexico-based Yates Petroleum Corp. purchased two parcels totaling 400 acres in McCone County; Houston-based Southwestern Energy Production Co. purchased two parcels in Sheridan County totaling 374 acres, and one 42-acre parcel in Daniels County; Wichita-based Alameda Energy Inc. purchased one 86-acre parcel in Dawson County; James E. Holt of Wolf Point, Mont. purchased one 40-acre parcel in McCone County.

Carbon, Stillwater counties

In addition to the acreages in northeastern Montana, 26 parcels were sold in Carbon and Stillwater counties in south-central Montana. Mathew C. Flavin of

Denver, Colo., purchased 13 parcels in Carbon County totaling 4,840 acres, and three parcels in Stillwater County totaling 600 acres; Peter L. Rebstock of Denver, Colo., purchased seven parcels in Carbon County totaling 3,331 acres; NovaNRG of Sugarland, Texas, purchased two parcels in Carbon County totaling 106 acres; and Beartooth Energy Inc., of Tallahassee, Fla., purchased one 40-acre parcel in Carbon County.

On the Rocky Mountain Front in northwestern Montana in Pondera County, Calgary-based Primary Petroleum Co. purchased one 120-acre parcel.

All seven South Dakota parcels were

see **BLM SALE** page 8

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● DRILLING & COMPLETION

Montana weekly oil activity reports

Oct. 12-Oct. 25 highest IP well: Oasis Petroleum's Piercy Federal 2758 13-5H in Roosevelt County at 1,792 barrels of oil per day

COMPILED BY DARRYL L. FLOWERS

For Petroleum News Bakken

With few exceptions, Petroleum News Bakken's Montana weekly oil activity report focuses on the horizontal well activity in the eastern, northeastern and northwestern part of the state, where the geologic targets are repeatable plays that are either part of the Bakken petroleum system or somehow related to it.

The counties included in this coverage are Glacier, Toole, Pondera and Teton counties in northwest Montana, and Daniels, Dawson, Fallon, Garfield, McCone, Prairie, Richland, Roosevelt, Sheridan, Valley and Wibaux counties in the east and northeast part of the state. Although Petroleum News Bakken has begun to report on fledgling industry activities in the Heath shale of central Montana, that area is not included in this report.

Week of 10/12 to 10/18

New locations — horizontal wells

In Daniels County, Apache Corp. was granted a permit for the Haworth 18-7H-B. The well has an SHL at SE NE 18-36N-48E (2700 FSL/240 FEL) and a PBHL of 11,544 feet at SW NW 18-36N-48E (2291 FNL/200 FWL). The well targets the Bakken formation.

Richland County keeps rocking, with nine permits issued last week to Slawson Exploration Co. for wells that will target the Bakken. The wells are: the Scimitar (Federal) 1-8H, with an SHL at NE NE 8-

Abbreviations & parameters

With a few exceptions, the Montana weekly oil activity report includes Bakken petroleum system horizontal well activity in the eastern, northeastern and northwestern part of the state.

Following are the abbreviations used in the report and what they mean.

BHL: bottomhole location

BOPD: barrels of oil per day

BWPD: barrels of water per day

IP: initial production

MCFPD: thousand cubic feet per day

PBHL: probable bottomhole location

SHL: surface hole location

20N-60E (230 FNL/749 FEL) and a PBHL of 15,173 feet at SE SE 8-20N-60E (250 FSL/750 FEL); the Muzzleloader 1-11H, with an SHL at SE SE 11-22N-56E (225 FSL/925 FEL) and a PBHL of 15,046 feet at NE NE 11-22N-56E (250 FNL/750 FEL); the Ramrod 1-14H, with an SHL at SE SE 11-22N-56E (225 FSL/900 FEL) and a PBHL of 15,495 feet at SE SE 14-22N-56E (250 FSL/750 FEL); the Bonsai 1-12H, with an SHL at NE NE 12-22N-56E (699 FNL/300 FEL) and a PBHL of 14,785 feet at NW NW 12-22N-56E (750 FNL/250 FWL); the Halberd 1-7H, with an SHL at NE NE 12-22N-56E (674 FNL/300 FEL)

and a PBHL of 15,466 feet at NE NE 7-22N-57E (750 FNL/250 FEL); the Spear 1-26H with an SHL at NE NE 26-22N-57E (750 FNL/450 FEL) and a PBHL of 14,699 feet at NW NW 26-22N-57E (750 FNL/250 FWL); the Brigand 1-8H, with an SHL at NE NE 8-23N-52E (250 FNL/758 FEL) and a PBHL of 14,147 feet at SE SE 8-23N-52E (250 FSL/750 FEL); the Gremlin 1-24H, with an SHL at SE SE 24-24N-51E (230 FSL/540 FEL) and a PBHL of 14,268 feet at NE NE 24-24N-51E (250 FNL/750 FEL) and the Curmudgeon 1-20H, with an SHL at SE SE 20-24N-52E (250 FSL/800 FEL) and a PBHL of 14,045 feet at NE NE 20-24N-52E (250 FNL/750 FEL).

There were two other permits issued for Bakken wells in Richland County. Continental Resources Inc. won approval of the Levengood 1-5H, with an SHL at NW NE 5-23N-53E (470 FNL/1760 FEL) and a PBHL of 13,264 feet at SW SE 5-23N-53E (660 FSL/1980 FEL). Fidelity Exploration & Production Co. was granted a permit for the Prevost 41-1H, with an SHL at NE NE 1-22N-56E (343 FNL/735 FEL) and a PBHL of 14,982 feet at SE SE 1-22N-56E (250 FSL/735 FEL).

In Roosevelt County, EOG Resources Inc. was green lighted for two Bakken wells: the Stateline 13-3635H, with an SHL at S2 36-28N-59E (1980 FSL/200 FEL) and a PBHL of 16,716 feet at NW SW 35-28N-59E (1980 FSL/200 FWL) and the NBB 3-3031H, with an SHL at NE NW 30-30N-59E (250 FNL/2425 FWL) and a PBHL of 20,196 feet at SE SW 31-30N-59E (200 FSL/2325 FWL).

A permit was issued to Oasis Petroleum North America LLC for the Sage Brush 2758 43-9H, a Bakken well with an SHL at SW SE 9-27N-58E (190 FSL/2370 FEL) and a PBHL of 20,549 feet at SW SE 21-27N-58E (250 FSL/2622 FEL).

Three permits for Bakken wells were issued to G3 Operating LLC: the McCabe 1-2-11H, with an SHL at NE NW 2-29N-56E (250 FNL/2020 FWL) and a PBHL of 19,691 feet at SE SW 11-29N-56E (225 FSL/1980 FWL); the Sorensen 1-6-7H, with an SHL at NW NE 6-29N-57E (300 FNL/1980 FEL) and a PBHL of 19,857 feet at SW SE 7-29N-57E (225 FSL/1980 FEL) and the KDW 1-26-35H, with an SHL at NE NW 26-30N-56E (250 FNL/1980 FWL) and a PBHL of 19,539 feet at SE SW 35-30N-56E (225 FSL/1980 FWL).

In Sheridan County, TAQA North USA Inc. received a permit for the Bolke 7-13H. The Bakken formation well has an SHL at SW SW 7-37N-57E (680 FSL/290 FWL) and a PBHL of 12,313 feet at SW SW 12-37N-56E (1043 FSL/680 FWL).

Permit Modifications/Corrections

In Richland County, Oasis Petroleum North America LLC was issued a Permit

Modification / Correction for the Dianne Federal 2658 42-22H. The well, which targets the Bakken formation, has an SHL at SE SW 22-26N-58E (200 FSL/1720 FWL) and a PBHL of 20,339 feet at NE NW 15-26N-58E (200 FNL/1770 FWL).

Week of 10/19 to 10/25

Re-issued locations

In Richland County, Slawson Exploration Co. Inc. was green lighted for the Targe 1-18H, with an SHL at NE NE 18-21N-59E (250 FNL/700 FEL) and a PBHL of 15,436 feet. The well will target the Bakken formation.

New Laterals or Extensions, Existing Horizontal Wells

In Richland County, Continental Resources Inc. was issued a permit for the Davies 1-20HR. The Bakken formation well has an SHL at SW SE 20-26N-54E (160 FSL/1800 FEL) and PBHLs of 19,572 feet at NW NE 17-26N-54E (200 FNL/1980 FEL) and 19,556 feet at NW NE 17-26N-54E (200 FNL/1880 FEL).

Permit Modifications/Corrections

In Richland County, Slawson Exploration Co. Inc. was issued permits for two wells, both targeting the Bakken formation: the Arbalest 1-31H, with an SHL at NE NW 4-20N-60E (240 FNL/2200 FWL) and a PBHL of 15,673 feet at NW NW 31-21N-60E (250 FNL/750 FWL) and the Curmudgeon 1-20H, with an SHL at SE SE 20-24N-52E (530 FSL/350 FEL) and a PBHL of 13,595 feet at NE NE 20-24N-52E (250 FNL/735 FEL).

Completions

In Richland County, XTO Energy Inc. wrapped up the Panasuk 34X-12, with an SHL at SW SE 12-23N-58E (275 FSL/1350 FEL) and a BHL of 19,760 feet at NW NE 1-23N-58E (716 FNL/1974 FEL). The Bakken well reported an IP of 205 BOPD, 89 MCFPD and 982 BWPD.

In Roosevelt County, Oasis Petroleum North America LLC completed the Piercy Federal 2758 13-5H. The Bakken well has an SHL at NW NE 5-27N-58E (320 FNL/2310 FEL) and a BHL of 20,686 feet at NW NE 29-28N-58E (652 FNL/2311 FEL). The well had an IP of 1,792 BOPD; 1,365 MCFPD and 3,956 BWPD.

In Sheridan County, TAQA North USA Inc. finished the Kavon 17-16H. The Bakken formation well has an SHL at SE SE 17-37N-56E (680 FSL/245 FEL) and a BHL of 11,912 feet at SW SW 17-37N-56E (673 FSL/660 FWL). The well had an IP of 24 BOPD and 390 BWPD. ●

Darryl L. Flowers, a contributor to Petroleum News Bakken, is the publisher of the Sun Times in Fairfield, Mont., www.fairfieldsun-times.com, and can be reached at publisher@fairfieldsun-times.com.

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continued from page 4

CENOVUS

the market when it decided that the prevailing joint-venture market was focused on near-term production and cash flow.

But it wasted no time pushing ahead with Telephone Lake, reporting the asset has shown tremendous potential since it first began drilling wells, increasing the company's confidence

that the proposed oil sands project could become a cornerstone asset like its Foster Creek and Christina Lake operations.

Ferguson said the regulatory application filed for a 90,000 bpd project at Telephone Lake "is just the beginning ... with future expansions, we anticipate it has the potential to support production capacity of 300,000 bpd." ●

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FINANCE & ECONOMY

Newfield third-quarter production rises

Company stock price falls on international output forecast; Williston improved execution, average 25 days from spud to rig release

By RAY TYSON

Petroleum News Bakken

E&P independent Newfield Exploration Co., in spite of strong performances from the Bakken-Three Forks and other U.S. onshore interests, saw its share price tumble after disclosing that largely because of contract terms with its partners, the company's 2013 international oil volumes could fall by as much as 25 percent from 2012 levels.

Ironically, the problem stems from an earlier investment decision by the partners to increase production in Malaysia, up 50 percent this year.

"These fields will experience natural declines from their recent production highs in 2013," Lee K. Boothby, Newfield's chairman and chief executive officer, told analysts and investors in an Oct. 24 conference call.

"Due to the fact that we accelerated our 2012 production in Malaysia, while simultaneously benefiting from higher oil prices, the change in our net revenue interest in 2013 will occur earlier than originally anticipated. Essentially, our net production is dictated by terms of our various production-sharing contracts."

Investor nerves unravel

Even a pledge that production would rebound after 2013 didn't seem to calm investor nerves as Newfield shares at market close on Oct. 24 plummeted 18 percent to \$27.46. By Oct. 29, its shares had decreased again to \$27.08.

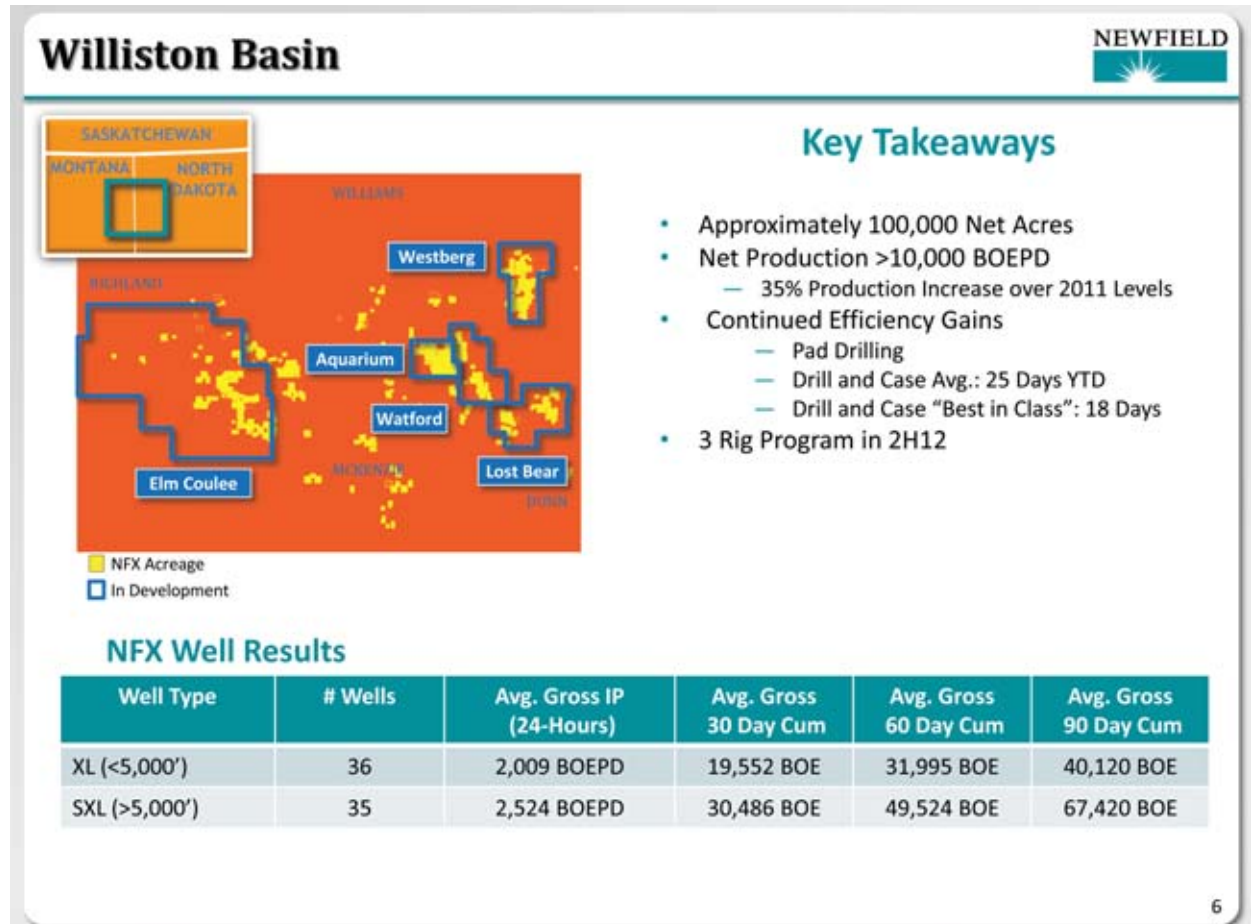
"We're confident that our international oil volumes will show strong production growth again in 2014 and beyond driven by our Pearl oil field development offshore China, which will commence production in early 2014 and add about 15,000 barrels of oil per day net at peak production," Boothby said. "In addition, we have several new oil and gas initiatives under way in Malaysia today."

Overall, Newfield's oil and natural gas liquids production in the 2012 third quarter increased 20 percent over the comparable period in 2011 to 6.1 million barrels, or an average of more than 66,000 barrels of oil equivalent per day. Newfield's net production from international operations alone was about 36,000 boe per day.

On the domestic side, Newfield's net production from the Williston Basin of North Dakota and Montana achieved a recent high of more than 10,500 boe per day, the company said, noting that to date, the company has completed 71 wells in the basin, of which 35 are super extended laterals. The company is still expecting 2012 production from the basin to increase more than 35 percent over 2011 levels.

Newfield returns improve

Newfield's focus in 2012 has been on improving execution at the field level. "We have dramatically improved our returns, and we plan to increase our activity level in the Williston in 2013," Boothby said.



The company has averaged about 25 days from spud to rig release in its Williston Basin program. During the third quarter, a "best-in-class" well was drilled and cased in 18 days.

The company has averaged about 25 days from spud to rig release in its Williston Basin program. During the third quarter, a "best-in-class" well was drilled and cased in 18 days.

"Completed well costs continue to reflect efficiency gains and the company estimates that its 2013 wells can be drilled and completed for about \$10 million gross," the company said.

Three operated rigs are running today and a fourth rig will be added in early 2013, Newfield said. The company has roughly 100,000 net acres in the Williston and an expected inventory of more than 300 locations in the Bakken and Three Forks formations.

During the third quarter, Newfield initiated a detailed study taking cores through the Bakken and the multiple benches prevalent at deeper intervals. "The data will be used to plan a future program to exploit the prospective Three Forks-Sanish formation," the company said.

Uinta output reaches high

Meanwhile, Newfield's net production from Utah's

Uinta Basin also hit a high in the third quarter of about 39,000 boe per day, or 27,000 boe per day net to the company. Newfield owns interest in about 230,000 net acres in the Uinta.

In addition to the ongoing development of the Green River formation in the Monument Butte field, assessment-drilling efforts are focused on two primary plays, including the Wasatch.

Newfield said that because the key to ultimate economic success lies in longer lateral completions, the company is working with regulators on a plan to allow for 1,280-acre units for ultimate field development in the Wasatch.

"When we project potential flow rates to 5,000 or 7,500-foot laterals in the Wasatch, I get awful excited," said Gary D. Packer, Newfield's chief operating officer. "Our collective energy is being channeled to make this happen as quickly as possible."

The Wasatch is a high potential formation that spans more than 1,200-foot in thickness and has several specific targets. Newfield has been actively assessing the Wasatch over the last 18 months and has drilled 35 vertical wells to-date.

Wasatch wells average 1,200 boe/d

Newfield's two initial horizontal wells were drilled

see NEWFIELD page 9

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● DRILLING & COMPLETION

Whiting trims Williston Basin rig fleet

Company still anticipates 20-23% production growth in 2012; rig reduction temporary after 10 more wells drilled than estimated

By RAY TYSON

Petroleum News Bakken

Whiting Petroleum Corp., which continued to post double-digit production growth during the 2012 third quarter, is temporarily dropping three rigs from its Williston Basin fleet after drilling about 10 more wells than it had initially estimated for the period.

Reducing its Northern Rocky Mountain fleet to 17 from 20 rigs should help Whiting lower its capital expenditures in the final quarter of the year. But the move is not expected to cut into the company's robust annual production forecast for 2012.

"We are pleased to report that our active drilling program is on track for 20 percent to 23 percent production growth in 2012," James J. Volker, Whiting's chairman and chief executive officer, told analysts and investors in an Oct. 25 conference call.

Most productive wells

He noted that according to the North Dakota Industrial Commission, Whiting's average wells drilled across the Williston Basin remains the most productive over the first 12 months of production of all operators in the basin.

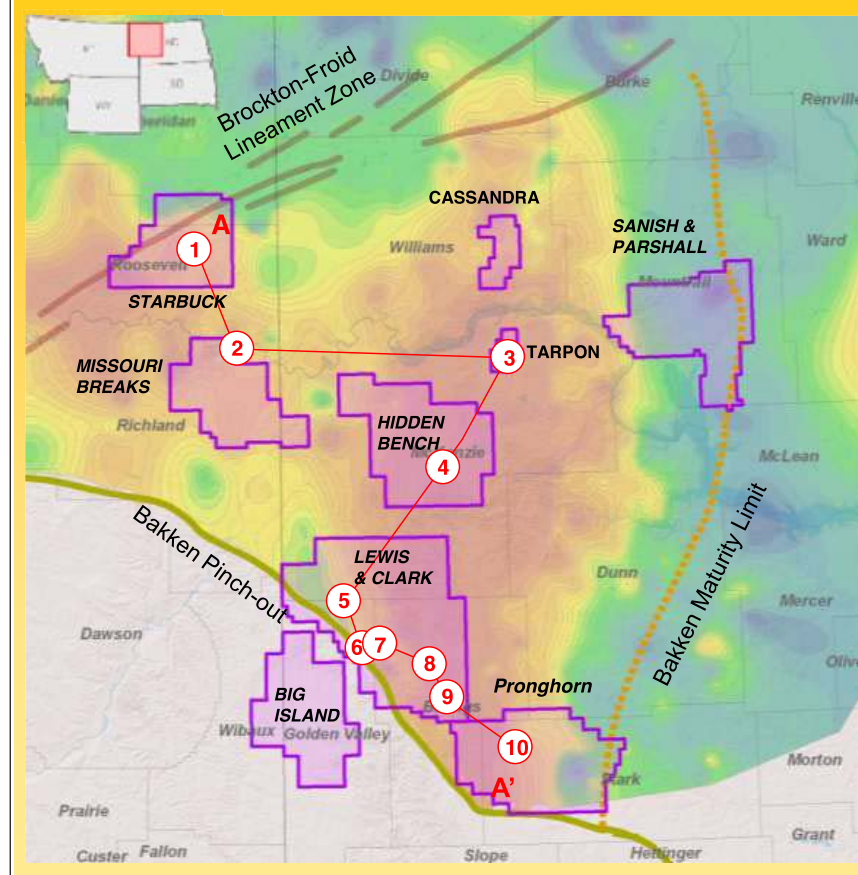
The three rigs will be replaced with newer, more efficient ones, probably early next year, the company said, noting three rigs will be returned to the same general areas — Missouri Breaks, Hidden Bench and Pronghorn.

The drilling of more wells than planned during the third quarter did contribute to a particularly strong September exit rate of 84,550 barrels of oil equivalent per day. Average production for the third quarter was 82,615 boe per day, a 17 percent increase over the third quarter of 2011. The average in the first nine months of 2012 was 81,360 boe per day, a 22 percent increase over the first nine months of last year. About 60 percent of Whiting's production comes from the Bakken-Three Forks.

\$86.9M in income posted

On the financial side, Whiting's third quarter adjusted net income was \$86.9 mil-

Whiting Lease Areas In Williston Basin Plays at June 30, 2012



	Gross Acres	Net Acres
Sanish / Parshall	177,192	83,007
-Middle Bakken / Three Forks Objectives		
Pronghorn	172,462	123,158
-Pronghorn Sand Objective		
Lewis & Clark	208,941	138,287
-Three Forks Objective		
Hidden Bench	49,999	30,036
-Middle Bakken / Three Forks Objectives		
Tarpon	8,125	6,265
-Middle Bakken / Three Forks Objectives		
Starbuck	106,827	93,278
-Middle Bakken / Three Forks Objectives		
Missouri Breaks	89,580	61,794
-Middle Bakken / Three Forks Objectives		
Cassandra	30,347	13,946
-Middle Bakken / Three Forks Objectives		
Big Island	172,171	122,109
-Multiple Objectives		
Other ND & Montana	113,973	40,424
	1,129,617	712,304⁽¹⁾

(1) As of 06/30/2012, Whiting's total acreage cost in 712,304 net acres is approximately \$358 million, or \$503 per net acre.

10

lion, or 73 cents per diluted share. Discretionary cash flow totaled \$343.4 million, representing an 8 percent increase over the \$316.5 million in the third quarter of 2011, and an 11 percent increase over the second quarter of 2012.

Slew of successful projects

In the Williston Basin, Whiting reported a slew of successful projects outside its Sanish field, the company's core producer at 31,400 boe per day.

A bright spot is new production from the Pronghorn, Lewis & Clark, and Hidden Bench prospects. Average 30, 60 and 90-day production rates from these newer fields are exceeding comparable production rates from Sanish wells, Whiting said.

Whiting's net production from the

Lewis & Clark-Pronghorn prospects averaged 12,190 boe per day in the third quarter, a 19 percent increase over the 10,275 boe per day rate in the second quarter. Whiting owns 409,684 gross (268,077 net) acres in the Lewis & Clark-Pronghorn prospects.

"Consequently, we expect our drilling program at Lewis & Clark-Pronghorn to extend for many years," the company said.

Well flows at 1,825 boe/d

Typifying drilling results at Pronghorn was the completion of the Solberg 14-11PH, which flowed at an initial rate of 1,825 boe per day from the Pronghorn Sand on Sept. 17. The well's 10,523-foot lateral was fractured in 30 stages. The Solberg well was drilled in the northwest

portion of the prospect in Stark County, N.D.

Also of note were the completion results of two wells drilled off a pad. The Buckman 34-9PH flowed at an initial rate of 1,964 boe per day while the Buckman 44-9PH was completed flowing 1,545 boe per day. Whiting holds a 68 percent working interest and a 55 percent net revenue interest in both wells, which were each tested on Sept. 29 and completed in the Pronghorn Sand.

Whiting's net production from the Hidden Bench-Tarpon prospects averaged 2,505 boe per day in the third quarter. The company currently holds 57,295 gross (35,812 net) acres in the Hidden Bench-Tarpon prospects, which are located in

see WHITING page 10

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BLM SALE

purchased by Murfin Drilling Co. Inc., of Wichita, Kan.

The parcels that received no bids were three parcels in Fergus County (1,360 acres) in central Montana and one parcel (160 acres) in Phillips County in north-central Montana.

The Montana/Dakotas BLM office will hold its next lease auction on Jan. 29; it will be limited to North Dakota parcels. The nomination or "expression of interest" period for that auction closed on May 25 and the preliminary parcel list indicates a total of 29 parcels totaling 2,942 acres that will be up for auction in January. Those parcels are all located in western North Dakota: nine parcels in Mountrail County (696 acres), three in Burke County (561 acres), six in McKenzie County (438 acres), two in Stark County (480 acres), four in Dunn County (405 acres), four in Williams County (322 acres) and one in Bowman County (40 acres). ●

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Top 10 ND wells by IP posted in October

- No. 1** Brigham Oil & Gas, L.P.; #21952; Sorenson 29-32 3H; SWSW 20-155N-92W; Mountrail; horizontal; Bakken (10,580-20,681); 9/12/2012; **IP = 4,293**; CO = 22,738.
- No. 2** Oasis Petroleum North America LLC; #21902; Wren Federal 5300 41-26H; SWSW 26-153N-100W; Williams; horizontal; Bakken (11,544-21,520); 5/9/2012; **IP = 4,059**; CO = 78,316.
- No. 3** Brigham Oil & Gas, L.P.; #22081; Heen 26-35 #2H; NENE 26-155N-101W; Williams; horizontal; Bakken (10,865-20,320); 9/24/2012; **IP = 3383**; CO = NA.
- No. 4** Oasis Petroleum North America LLC; #22399; Lefty 5200 13-30H; NWNE 30-152N-100W; McKenzie; horizontal; Bakken (11,080-20,478); 7/19/2012; **IP = 3,330**; CO = 63,301.
- No. 5** Brigham Oil & Gas, L.P.; #21508; Maston 34-27 #1H; SESW 34-153N-98W; McKenzie; horizontal; Bakken (11,285-21,015); 9/1/2012; **IP = 3,288**; CO = 31,446.
- No. 6** Whiting Oil and Gas Corporation; #22174; Kannianen 22-32XH, SENW 32-154N-91W; Mountrail; horizontal; Bakken (11,381-21,705); 9/12/2012; **IP = 3,126**; CO = NA.
- No. 7** Brigham Oil & Gas, L.P.; #22023; Bill 14-23 1H; SWSW 11-151N-101W; McKenzie; horizontal; Bakken (11,384-21,789); 8/6/2012; **IP = 3,079**; CO = 25,679.
- No. 8** Brigham Oil & Gas, L.P.; #21954; Sorenson 29-32 4H; SWSW 20-155N-92W; Mountrail; horizontal; Bakken (10,581-20,664); 9/29/2012; **IP = 3,078**; CO = 7,578.
- No. 9** Brigham Oil & Gas, L.P.; #22082; Smith Farm 23-14 #2H; NWNE 26-155N-101W; Williams; horizontal; Bakken (10,919-21,407); 9/20/2012; **IP = 3,058**; CO = NA.
- No. 10** Brigham Oil & Gas, L.P.; #20899; Eldridge 29-20 #1TFH; SWSW 29-152N-104W; McKenzie; horizontal; Bakken (10,726-20,309); 8/23/2012; **IP = 2,980**; CO = 8,283.

Legend

ND file number; operator; well name; spacing/location, county, wellbore type; pool (perforations); date completed; IP - initial production rate in barrels per day during the first 24 hours of production; CO - cumulative oil production in barrels.

NA: data not available

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NEWFIELD

about five miles apart and tested the same geologic horizon, the uppermost portion of the Wasatch. Gross initial production from these wells has averaged about 1,200 boe per day and the composition was 88 percent oil. The wells' average 30-day production was about 750 boe per day gross and the 90-day average was about 625 boe per day.

"We are impressed by how production from these wells has held up over the 90 days and are anxious to drill additional horizontal wells," Packer said.

In Oklahoma's Anadarko Basin, the Cana Woodford continues to post strong well results of about 9,800 boe per day, Newfield said. Through 2012, Newfield has maintained a four-to five rig program there and said the company is aggressively assessing its acreage position which totals roughly 142,000 net acres, up 7,000 net acres since mid-year.

"We did a pretty good job of keeping this play quiet for much of the last two years (while) we were able to amass a sizable acreage position," Packer noted.

Newfield said it also was close to finalizing a midstream deal that will give the company the required capacity it needs to move forward with aggressive development.

Packer noted that the company moved

one of its operated rigs to the Granite Wash to test the Hogshooter play.

First well 'a barn burner'

"Our first well was a barn burner with an initial gross production of more than 5,000 boe per day," he disclosed, adding that the well averaged about 4,200 barrels a day over the first 30 days. "We have a rig dedicated to the play now and we will be drilling, and we are drilling our second well currently."

In the Texas Eagle Ford, Newfield said early data from its latest super extended lateral is consistent with the company's previous three wells, with the most recent well averaging 730 boe per day gross over its first 10 days of production.

"Our super extended laterals in the Eagle Ford have performed extremely well," Packer said, noting that the wells averaged 530 boe per day over the first 180 days.

"Our South Texas drilling team is able to drill and case these wells in 12 days for less than \$3 million. We are seeing some relief in completion cost and expect the favorable trends to continue into 2013."

Newfield said it will increase its planned development activities in the Eagle Ford in 2013 and expects to drill as many as 35 wells. ●

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• DRILLING & COMPLETION

Brigham-Statoil score highest IP rates

By **MIKE ELLERD**
For Petroleum News

Brigham Oil & Gas, followed by Oasis Petroleum and Whiting Oil, operated the 10 North Dakota wells with the highest initial production rates of the 153 horizontal wells that were posted with IP rates in October by the North Dakota Department of Mineral Resources Oil and Gas Division.

The well with the highest IP rate, as well six others, were operated by Brigham Oil & Gas, which is part of Statoil; Oasis took second and fourth place; and Whiting took sixth place. (See adjacent chart.)

Brigham's Sorenson 29-32 3H in Mountrail County produced 4,293 barrels of oil in its first 24 hours; Oasis' Wren Federal 5300 41-26H in Williams County 4,059 boe in its first 24 hours.

A total of 229 wells actually posted in October, 48 of which were completed producing wells, and 181 were wells released from tight hole status. IP data was available for 47 of the 48 completed producing wells but just 106 of the 108 wells released from tight hole status carried IP rates, hence the total of 153 wells.

IPs of the 153 wells with IP data ranged from a high of 4,059 barrels per day to a low of 22 barrels per day, with a mean of 1,091 barrels per day and a median of 804 barrels per day. The lowest IP rate in the top 10 well flowed at 2,980 barrels for the first 24 hour period.

The wells were in the following North Dakota counties: Billings (six), Bottineau (two), Burke (10), Divide (four), Dunn (23), Golden Valley (two), McLean (one), McKenzie (36), Mountrail (36), Stark (six),

and Williams (28), with the top 10 in McKenzie (four), Mountrail (three) and Williams (three) counties.

All 153 wells were horizontal and targeted the Bakken pool according to Oil and Gas Division records. ●

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● FINANCE & ECONOMY

PetroBakken getting spun off

By GARY PARK

For Petroleum News Bakken

Petrobank Energy and Resources and its subsidiary PetroBakken Energy are being split into two fully independent companies to focus on their separate portfolios.

Subject to shareholder approval, the corporate reorganization will be effective Dec. 31 when Petrobank will distribute its 57 percent interest in PetroBakken in a move designed to streamline activities and boost shareholder value.

The new entities will initially be dubbed New Petrobank and New PetroBakken, with Petrobank shareholders receiving one share of New Petrobank for each current share of Petrobank.

"This reorganization is designed to enhance long-term value for Petrobank and PetroBakken shareholders and is consistent with our long-held corporate goal of enhancing shareholder value by creating strong, independent and focused companies," Petrobank said.

Canaccord Capital analyst Brian Kristjansen said in a research note the move appears to be a positive one for PetroBakken.

PetroBakken was one of the first companies to enter the Bakken play in Saskatchewan and is now the second largest landowner in the area.

"We had previously cited this event as a positive near-term catalyst for the stock as it materially increases the company's float and liquidity while removing the perceived overhang of a control block owned by the parent company," he said.

PetroBakken to focus on Bakken, Cardium

While Petrobank will concentrate on its heavy oil business, PetroBakken will be left with its light oil Bakken and Cardium plays in Western Canada, where it applies leading-edge technology to develop the assets, and its conventional light oil assets.

PetroBakken was one of the first companies to enter the Bakken play in Saskatchewan and is now the second largest landowner in the area.

It staked a claim in Alberta's Cardium two years ago, paying about \$780,000 per block while others have since paid about C\$60 million.

Peter Hawkes, vice president of exploration and geosciences at PetroBakken, told a recent Peters & Co. conference that his company decided not to get into the Alberta Bakken because it was "uncomfortable with the risk exposure and what it might do to our financial resources."

PetroBakken also backed away from an opportunity to enter the shale play in Quebec, also because of risk exposure and the potential political regime in that province — an astute move given that the newly elected Parti Quebecois government in Quebec has imposed a total ban on shale development.

Petrobank plans to focus on perusing commercialization of its heavy oil properties at Kerrobert in Saskatchewan, where it hopes to establish three projects along the trend, applying its proprietary extraction technology, while adding more prospective resources to its land inventory. It currently owns 16,000 acres at Kerrobert.

The company said it continues to receive international interest in its toe-to-heel air injection technology and several discussions are under way, but it is unable to predict whether these will lead to agreements to license the patents. ●

Contact Gary Park through publisher@petroleumnews.com

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WHITING

McKenzie County, N.D. Of note at Hidden Bench was the recent completion of the Norgard 41-14H. This well was completed in the Middle Bakken formation on Aug. 23, flowing 2,052 boe per day. Whiting holds a 90 percent working interest and a 72 percent net revenue interest in the well.

Whiting, subsequent to the third quarter, said it completed two wells at Hidden Bench. The Timber Creek 21-27H was completed in the Middle Bakken flowing 2,839 boe per day, while the Norgard 41-13H flowed 2,198 boe per day on completion in the Middle Bakken. Both wells were tested on Oct. 11.

Well sets Bakken record

In September, Whiting moved a drilling rig to the Tarpon prospect where the company set an initial production record for all Bakken wells drilled in the Williston Basin. The Tarpon Federal 21-4H well was completed flowing 7,009 boe per day on Oct. 17.

Whiting said it continues to de-risk its acreage in the Missouri Breaks prospect, located in Richland County, Mont., where the company has drilled successful wells on the western and southern portions of its acreage. On Sept. 6, Whiting completed the Watts 42-21-1H flowing 854 boe per day. It is the first well drilled on company acreage in the southern part of Missouri Breaks, where the company holds 92,214 gross (65,544 net) acres.

Meanwhile, Whiting said it has identified more than 50 vertical Red River prospects at its Big Island play using 3-D seismic interpretations as well as porosity anomalies. Estimated ultimate recoveries for these wells range from 200,000-to 300,000 boe, the company said, adding that the wells have an estimated completed well cost of only \$3.5 million. Whiting holds 171,825 gross (121,982 net) acres in the Big Island prospect, located in Golden Valley, N.D., and Wibaux County, Mont.

The company's most recent completion at Big Island, the Ross 13-2, flowed 306 boe per day from the Upper Red River "D" zone on Aug. 12. Whiting holds a 100 percent working interest and an 80 percent net revenue interest in this vertical well. Whiting said it plans to test the Lower Red

see WHITING page 19

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• LAND & LEASING

McCone County new Montana hot spot?

Shale Exploration llc pursuing western fringe of Bakken in McCone and Garfield counties; goal 200,000 acres, plans to drill in 2013

By **MIKE ELLERD**

For Petroleum News Bakken

The biggest buyer at the Bureau of Land Management's Montana/Dakotas oil and gas lease was Donco Inc., a San Antonio-based firm and parent company of Shale Exploration LLC, a Fort Worth-based company that has recently been expanding its footprint in northeastern Montana. In the Oct. 23 lease auction, Donco spent more than \$13.5 million on 153 parcels totaling over 73,000 acres, all in McCone County in northeastern Montana (see related story on page 5).

The Associated Press reported Shale Exploration's President Sam Tallis as saying Shale Exploration is looking to secure leases on approximately 200,000 acres in Montana's McCone and Garfield counties, with drilling possibly beginning in 2013. Tallis told the AP that Shale Exploration is confident that the area around McCone and

Garfield counties has oil bearing formations in addition to the Bakken formation.

"This is a step away from where most people believe the conventional Bakken is," Tallis told the AP. "A lot of people call it the end of the road because it's the last possible place for the Bakken, to go that far. But we tend to like it because there are other formations." He referred to Montana as "the best kept secret in oil and gas," according to the AP. Tallis said he and Shale Exploration Chief Executive Officer and majority owner Sid Greehey are in it for the long haul.

While generally considered to be within the Williston Basin, just how much of McCone County lies within the Bakken petroleum system depends on who you talk to and which map you look at. The same goes for Garfield County, which borders McCone County to the west and is even farther out on the fringe of the Williston Basin and may well be beyond the Bakken petro-

leum system.

Tom Richmond of the Montana Board of Oil & Gas Conservation recently told the AP that the area that Shale Exploration is targeting is not an area that has been actively drilled, and the interest in this area is new. Richmond referred to the area as "lease play" where companies anticipate development in an area and scramble to secure leases. Such lease plays can "get a life of their own," where the leasing starts first, then "at some point in time the assumption is that somebody's going to drill a well someplace, and prove or disprove the play," Richmond told the AP.

As reported by Petroleum News Bakken in July, Apache Corp. announced in June that it had secured a 300,000 net acre share of Shale Exploration's Jayhawk prospect in Montana's Daniels County. (See map at <http://shaleexp.com/shale-operations/>)

Based in Fort Worth, Shale Exploration

has local offices in Billings and Scobey, Mont. Scobey is the county seat of Daniels County, a remote and sparsely populated county on the Canadian border in far northeastern Montana.

Shale Exploration has clearly endeavored to be a good community member. According to its website, in April the company donated \$130,000 to purchase iPads for the entire student body of the Scobey Public Schools for next year; and in May, Tallis donated \$20,000 to the Montana Rescue Mission Woman's and Family Shelter District. In June the company donated \$45,000 to the Daniels County Rural Fire Department to upgrade its fire fighting capabilities. Shale Exploration has also sponsored a boy's basketball team in Scobey, and is helping to restore a Scobey theater. ●

Contact Mike Ellerd
at mellerd@petroleumnewsbakken.com



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• DRILLING & COMPLETION

Company suffers from natural gas curse

QEP Resources hits record third-quarter production, but reports disappointing earnings based on weak gas prices due to market glut

By RAY TYSON

Petroleum News Bakken

QEP Resources Inc. can't seem to shake the natural gas curse, despite taking a giant step toward becoming a more oily company.

Like other gas-weighted E&P independents, QEP has been focusing more on acquiring oil and gas liquids assets and less on investing in natural gas, which continues to suffer from weak prices due to a prolonged market glut.

To that end, the company earlier this year doled out \$1.4 billion to acquire 117,000 acre (27,600 net acres) of producing leasehold in McKenzie and Williams counties, N.D. It is among the largest deals of the year in the liquids-rich Bakken-Three Forks.

By the end of the 2012 third quarter, QEP operated 73 producing wells, including 36 Bakken wells, 36 Three Forks wells and one dual lateral producing from both the Bakken and Three Forks formations. In addition, the company has a working interest in 177 producing outside-operated wells. QEP currently has five rigs operat-

ing in the region: two in the South Antelope area and three on the Fort Berthold Reservation.

Excluding the acquired property, QEP's Bakken-Three Forks net production in the third quarter averaged 6,748 barrels of oil equivalent per day. Net production from the acquired properties averaged an additional 8,600 boe per day at the time of closing on Sept. 27.

The acquired property helped propel QEP to a 56 percent increase in oil production and a 55 percent increase in NGLs in the third quarter of 2012 compared to last year's third quarter. Natural gas output also was up 8 percent. In total, QEP posted record overall production of 81.5 Bcfe in the third quarter, an increase of 15 percent when compared to the prior-year period.

2013 change in production mix

"With the successful completion of our previously announced Bakken-Three



CHUCK STANLEY

QEP currently has five rigs operating in the region: two in the South Antelope area and three on the Fort Berthold Reservation.

Forks property acquisition ... combined with an aggressive capital allocation focus on higher-return crude oil and liquids-rich gas plays, we now have a solid platform to drive continued growth of crude oil production next year and beyond," Chuck Stanley, QEP's chairman, president and chief executive officer, said in an Oct. 30 statement.

With completion of the North Dakota acquisition, QEP expects 2013 "will be a year of dramatic change in the company's production mix," he added, noting that more than half of QEP capital investment next year will go to the Bakken and Three Forks play.

In addition to Bakken-Three Forks, QEP holds various oil and gas interests in the Haynesville Shale, Pinedale Anticline, Uinta Basin, Power River Basin, Vermillion, Woodford "Cana",

Granite Wash and Marmaton-Tonkawa.

"We expect our crude oil and NGL production to increase approximately 70 percent and 33 percent, respectively, over 2012 levels and represent approximately 31 percent of total 2013 forecast production," Stanley said.

Share price drops

With all this good news, you might expect that QEP's stock price would have taken off after release of its 2012 third-quarter financial results. Instead, the price dropped nearly 8 percent to \$29 per share at market close on Oct. 31.

Even with a significant increase in liquids production in this year's third quarter, QEP expects only modest overall production growth in 2013. And this revelation evidently did not set well with investors, along with disappointing earnings.

"Our discipline in capital allocation will lead to a minimal level of spending in the Haynesville causing production in that area to decline approximately 30 percent year-over-year in 2013," Stanley disclosed.

QEP owns 50,800 net acres in Haynesville Shale play of Louisiana, the only "dry gas" play in QEP's portfolio and historically a major producer for the company. But in response to depressed natural gas prices, QEP released its last operated drilling rig in the Haynesville in early July and has not completed any additional company-operated Haynesville wells since April. The company operates 123 producing wells in the play and has a working interest in 124 producing wells that are operated by others.

Declining prices hurt

There's little doubt that QEP's third-quarter financial report also hurt the company, as a decline in natural gas and NGL prices during the recent quarter also weighed on bottom-line results, even though production increased. QEP reported a net loss for the quarter of \$3.1 million on revenue of \$329.7 million, compared to net income of \$101.5 million on revenue of \$353.7 million for the year-ago quarter.

"Processing, gathering and NGL sales volumes all increased, but financial performance was adversely impacted by lower NGL sales prices that compressed keep-whole gas processing margins," Stanley said.

However, while the company expects modest overall production growth and market headwinds in its field services division, higher margin oil growth is expected "to propel mid-teens growth" for QEP in 2013, the company emphasized.

QEP also expects this trend to continue into 2014; and, at current forward prices for natural gas, oil and NGLs, it estimates that operating cash flow could grow about 20 percent in 2014 from the midpoint of 2013 guidance on production growth of around 10 percent.

"We estimate 2014 oil and NGL production will represent approximately 41 percent of total 2014 forecast production, almost double the 2012 percentage," Stanley said. ●



August 2012

Top 50 North Dakota Bakken Oil Producers

Company	BDP*		
		29 G3 Operating, LLC	2,605
1 Continental Resources, Inc.	64,503	30 Sinclair Oil and Gas Company	2,248
2 Hess Corporation	58,048	31 Triangle USA Petroleum Corporation	1,181
3 Whiting Oil and Gas Corporation	56,809	32 Arsenal Energy USA, Inc	1,119
4 EOG Resources, Inc.	46,098	33 Phillip D. Armstrong	872
5 Brigham Oil & Gas, L.P. - Statoil	37,738	34 Cornerstone Natural Resources LLC	846
6 Marathon Oil Company	27,426	35 GMX Resources Inc	525
7 Slawson Exploration Company, Inc.	23,699	36 American Eagle Energy Corporation	486
8 Burlington Resources Oil & Gas Company LP	20,336	37 Gadeco, LLC	380
9 Oasis Petroleum North America LLC	19,759	38 Prima Exploration, Inc.	286
10 XTO Energy, Inc (subsidiary of ExxonMobil)	18,132	39 Windsor Energy Group, LLC	251
11 Petro-Hunt, LLC	17,963	40 Resource Drilling, LLC	250
12 Kodiak Oil & Gas (USA) Inc.	17,852	41 Sequel Energy, LLC	223
13 SM Energy Company	12,875	42 Abraxas Petroleum Corporation	216
14 WPX Energy Williston, LLC	12,415	43 Liberty Resources, LLC	151
15 Denbury Onshore, LLC	11,914	44 Legacy Reserves Operating LP	131
16 OXY USA, Inc.	11,524	45 Texakota, Inc	83
17 Enerplus Resources USA Corporation	10,209	46 Resolute Natural Resources Company, LLC	57
18 Zavanna, LLC	9,898	47 BTA Oil Producers, LLC	56
19 Newfield Production Company	8,995	48 Petro Harvester Operating Company, LLC	36
20 Hunt Oil Company	8,522	49 Tri-C Resources, LLC	24
21 Helis Oil & Gas Company, LLC	8,321	50 True Oil, LLC	22
22 Fidelity Expoloration & Production Company	6,875		
23 Zenergy, Inc	6,667		
24 Murex Petroleum Corporation	6,411		
25 Samson Resources Company	6,026		
26 QEP Energy Company	5,298		
27 Baytex Energy USA Ltd	3,250		
28 Crescent Point Energy U.S. Corporation	2,694		

*Barrels of oil per day

Numbers derived from the August 2012 Oil & Gas Production Report published by the North Dakota State Industrial Commission, Department of Minerals, Oil & Gas Division. Note this is the oil produced by wells operated by these companies; it does not identify the percentage of Bakken petroleum system oil (including Three Forks) that is owned by the company or its partners, so it may differ from what the company reports.

August 2012

North Dakota Bakken oil production by company

Derived from the August 2012 Oil & Gas Production Report published by the North Dakota State Industrial Commission, Department of Minerals, Oil & Gas Division. Note this is the oil produced by wells operated by these companies; it does not identify the percentage of Bakken petroleum system oil (including Three Forks) that is owned by the company or its partners, so it may differ from what the company reports. Also, the daily average was derived from dividing the total production by the number of days in August, versus the number of days the well was actually producing. There are a few wells that did not produce for the entire month.

Chart key:
 Company
 Field — Pool — County — Barrels of oil
 Monthly total barrels
 Daily average barrels

Abraxas Petroleum Corporation
 Demores – Bakken – Billings – 418
 North Fork – Bakken – McKenzie – 5883
 Roosevelt – Bakken – Billings – 395

Monthly total – 6,696
 Daily average – 216

American Eagle Energy Corporation
 Colgan – Bakken – Divide – 15056

Monthly total – 15,056
 Daily average – 486

Arsenal Energy USA, Inc
 Stanley – Bakken – Mountrail – 34687

Monthly total – 34,687
 Daily average – 1,119

Baytex Energy USA Ltd
 Ambrose – Bakken – Divide – 45619
 Burg – Bakken – Divide – 2387
 Burg – Bakken – Williams
 Garnet – Bakken – Divide – 3250
 Lone Tree – Bakken – Williams – 5368
 Lone Tree Lake – Bakken – Williams – 3298
 Musta – Bakken – Divide – 4920
 Plumer – Bakken – Divide – 270
 Skabo – Bakken – Divide – 1683
 Smoky Butte – Bakken – Divide – 5861
 West Ambrose – Bakken – Divide – 19460
 Whiteaker – Bakken – Divide – 5570
 Wildcat – Bakken – Williams – 3055

Monthly total – 100,741
 Daily average – 3,250

Brigham Oil & Gas, L.P.
 Alexander – Bakken – McKenzie – 29544
 Alger – Bakken – Mountrail – 379546
 Avoca – Bakken – Williams – 10750
 Banks – Bakken – McKenzie – 110454
 Briar Creek – Bakken – McKenzie – 22759
 Buford – Bakken – Williams – 5126
 Bull Butte – Bakken – Williams – 28669
 Camp – Bakken – McKenzie – 71300
 Catwalk – Bakken – Williams – 13550
 Cow Creek – Bakken – Williams – 10940
 East Fork – Bakken – Williams – 39367
 Elk – Bakken – McKenzie – 17751
 Foreman Butte – Bakken – McKenzie – 6664
 Glass Bluff – Bakken – McKenzie – 2315
 Kittleson Slough – Bakken – Mountrail – 11073
 Lake Trenton – Bakken – Williams – 5617
 Last Chance – Bakken – Williams – 7448
 Nameless – Bakken – McKenzie – 8013
 Painted Woods – Bakken – Williams – 72663
 Parshall – Bakken – Mountrail – 450
 Poe – Bakken – McKenzie – 19931
 Ragged Butte – Bakken – McKenzie – 32283
 Rosebud – Bakken – Williams – 8679
 Ross – Bakken – Mountrail – 258
 Sakakawea – Bakken – McKenzie – 9679
 Sandrocks – Bakken – McKenzie – 7456
 Spring Creek – Bakken – McKenzie – 1988
 Squires – Bakken – Williams – 38771
 Stony Creek – Bakken – Williams – 37423
 Sugar Beet – Bakken – Williams – 10178
 Todd – Bakken – Williams – 102939
 Wildcat – Bakken – McKenzie – 13216
 Wildcat – Bakken – Williams
 Williston – Bakken – Williams – 33089

Monthly total – 1,169,889
 Daily average – 37,738

BTA Oil Producers, LLC
 Bicentennial – Bakken – Golden Valley – 277
 Elkhorn Ranch – Bakken – Billings – 45
 North Tioga – Bakken – Burke – 147
 Pierre Creek – Bakken – McKenzie – 191
 Stoneview – Bakken – Divide – 1094

Monthly total – 1,754
 Daily average – 56

Burlington Resources Oil & Gas Company LP
 Bailey – Bakken – Dunn – 24251
 Bennett Creek – Bakken – McKenzie – 247
 Blue Buttes – Bakken – McKenzie – 65567
 Bully – Bakken – McKenzie – 4191
 Cabernet – Bakken – Dunn – 16805
 Camel Butte – Bakken – McKenzie – 7054
 Charlson – Bakken – McKenzie – 20658
 Clear Creek – Bakken – McKenzie – 42033
 Corral Creek – Bakken – Dunn – 17280
 Croff – Bakken – McKenzie – 11841

Crooked Creek – Bakken – Dunn – 6774
 Dimmick Lake – Bakken – McKenzie – 4961
 Elidah – Bakken – McKenzie – 39648
 Fayette – Bakken – Dunn – 7520
 Hawkeye – Bakken – McKenzie – 15394
 Haystack Butte – Bakken – McKenzie – 33513
 Jim Creek – Bakken – Dunn – 4240
 Johnson Corner – Bakken – McKenzie – 7486
 Keene – Bakken/Three Forks – McKenzie – 79661
 Killdeer – Bakken – Dunn – 8733
 Little Knife – Bakken – Dunn – 15365
 Lone Butte – Bakken – Dunn – 4841
 Mondak – Bakken – McKenzie – 22
 Morgan Draw – Bakken – Golden Valley – 842
 Murphy Creek – Bakken – Dunn – 31303
 North Fork – Bakken – McKenzie – 13293
 Pershing – Bakken – McKenzie – 5280
 Pierre Creek – Bakken – McKenzie – 767
 Sand Creek – Bakken – McKenzie – 32748
 Twin Valley – Bakken – McKenzie – 7367
 Union Center – Bakken – McKenzie – 54492
 Westberg – Bakken – McKenzie – 42326
 Wildcat – Bakken – McKenzie – 644
 Willmen – Bakken – Dunn – 3266

Monthly total – 630,413
 Daily average – 20,336

Carl H. Nordstrand
 Pierre Creek – Bakken – McKenzie – 39

Monthly total – 39
 Daily average – 1.26

Charger Resources, LLC
 Buckhorn – Bakken – McKenzie – 103
 Johnson Corner – Bakken – McKenzie – 169
 Morgan Draw – Bakken – Golden Valley – 192
 Pierre Creek – Bakken – McKenzie – 0

Monthly total – 464
 Daily average – 15

Chesapeake Operating, Inc
 Wildcat – Bakken/Three Forks – Stark – 28
 Wildcat – Bakken/Three Forks – Golden Valley

Monthly total – 28
 Daily average – .90322

Citation Oil & Gas Corporation
 Sadler – Bakken – Divide – 111

Monthly total – 111
 Daily average – 3.58

Condor Petroleum, Inc.
 Big Bend – Bakken – Mountrail – 0
 Hayland – Bakken – Divide – 83
 Stoneview – Bakken – Divide – 83

Monthly total – 166
 Daily average – 5

Continental Resources, Inc.
 Alkali Creek – Bakken – Mountrail – 17520
 Banks – Bakken – McKenzie – 148866
 Barta – Bakken – Billings – 3487
 Battlevue – Bakken – Williams – 1445
 Bear Creek – Bakken – Dunn – 9772
 Beaver Creek – Bakken – Golden Valley – 5057
 Beaver Creek Bay – Bakken – Mercer – 105
 Beaver Lodge – Bakken – Williams – 2
 Bell – Bakken – Stark – 6121
 Bicentennial – Bakken – McKenzie – 1051
 Big Gulch – Bakken – Dunn – 12221
 Border – Bakken – Divide – 375
 Brooklyn – Bakken – Williams – 78511
 Bully – Bakken – McKenzie – 10785
 Cabernet – Bakken – Dunn – 10246
 Camel Butte – Bakken – McKenzie – 1617
 Camp – Bakken – McKenzie – 40902
 Cedar Coulee – Bakken – Dunn – 5323
 Charlie Bob – Bakken – McKenzie – 224
 Charlson – Bakken – McKenzie – 45
 Chimney Butte – Bakken – Dunn – 68674
 Corinth – Bakken – Williams – 4051
 Corral Creek – Bakken – Dunn – 6582
 Crazy Man Creek – Bakken – Williams – 16469
 Demores – Bakken – Billings – 1732
 Dimmick Lake – Bakken – McKenzie – 6013
 Dollar Joe – Bakken – Williams – 27041
 Dolphin – Bakken – Divide – 26502
 Dutch Henry Butte – Bakken – Stark – 215
 East Fork – Bakken – Williams – 83684
 Edge – Bakken – McKenzie – 4349
 Elidah – Bakken – McKenzie – 26237

Elk – Bakken – McKenzie – 5186
 Elkhorn Ranch – Bakken – Billings – 7257
 Elm Tree – Bakken – McKenzie – 75661
 Epping – Bakken – Williams – 42064
 Glade – Bakken – Billings – 266
 Hamlet – Bakken – Divide – 42538
 Hanson – Bakken – Williams – 17021
 Haystack Butte – Bakken – McKenzie – 27285
 Haystack Butte – Bakken – Dunn
 Hebron – Bakken – Williams – 19400
 Indian Hill – Bakken – McKenzie – 23780
 Jim Creek – Bakken – Dunn – 99568
 Last Chance – Bakken – Williams – 25013
 Last Chance – Bakken – McKenzie
 Lindahl – Bakken – Williams – 20050
 Little Knife – Bakken – Dunn – 32716
 Lone Tree Lake – Bakken – Williams – 11092
 Long Creek – Bakken – Williams – 10707
 Mary – Bakken – McKenzie – 1312
 Mondak – Bakken – McKenzie – 2547
 Murphy Creek – Bakken – Dunn – 111493
 North Fork – Bakken – McKenzie – 1411
 North Tioga – Bakken – Williams – 56208
 North Tioga – Bakken – Burke
 North Tobacco Garden – Bakken – McKenzie – 22108
 Northwest McGregor – Bakken – Williams – 18338
 Oakdale – Bakken – Dunn – 123633
 Oliver – Bakken – Williams – 56964
 Patent Gate – Bakken – McKenzie – 3250
 Pembroke – Bakken – McKenzie – 9629
 Pershing – Bakken – McKenzie – 17547
 Pleasant Valley – Bakken – Williams – 11595
 Poe – Bakken – McKenzie – 8259
 Rainbow – Bakken – Williams – 15687
 Ranch Coulee – Bakken – McKenzie – 2496
 Ranch Creek – Bakken – McKenzie – 1952
 Rattlesnake Point – Bakken – Dunn – 30438
 Ross – Bakken – Mountrail – 110
 Sadler – Bakken – Divide – 17533
 Sauk – Bakken – Divide – 23281
 Sauk – Bakken – Williams
 Siverston – Bakken – McKenzie – 4425
 South Boxcar – Bakken – McKenzie – 448
 Squires – Bakken – Williams – 9520
 St. Demetrius – Bakken – Billings – 52359
 Stoneview – Bakken – Divide – 112337
 Stoneview – Bakken – Burke
 Stoneview – Bakken – Williams
 Temple – Bakken – Williams – 6924
 Todd – Bakken – Williams – 5803
 Upland – Bakken – Divide – 44893
 Viking – Bakken – Burke – 29130
 West Capa – Bakken – Williams – 8080
 Westberg – Bakken – McKenzie – 15090
 Wildcat – Bakken – McKenzie – 33864
 Wildcat – Bakken – Williams
 Wildcat – Bakken – Billings
 Wildcat – Bakken – Burke
 Wildrose – Bakken – Divide – 38670
 Willow Creek – Bakken – Williams – 17442

Monthly total – 1,999,604
 Daily average – 64,503

Cornerstone Natural Resources LLC
 Bailey – Bakken – Dunn – 1260
 Carter – Bakken – Burke – 4112
 Clear Water – Bakken – Burke – 1689
 Coteau – Bakken – Burke – 747
 Customs – Bakken – Burke – 1980
 Flaxton – Bakken – Burke – 8052
 Lostwood – Bakken – Burke – 457
 Northeast Foothills – Bakken – Burke – 1391
 South Coteau – Bakken – Burke – 2446
 Wildcat – Bakken – Burke – 580
 Woburn – Bakken – Burke – 3504

Monthly total – 26,218
 Daily average – 846

Crescent Point Energy U.S. Corporation
 Colgan – Bakken – Divide – 0
 Dublin – Bakken – Williams – 8177
 Ellisville – Bakken – Williams – 22444
 Gooseneck – Bakken – Williams – 11811
 Little Muddy – Bakken – Williams – 4565
 New Home – Bakken – Williams – 429
 Wheelock – Bakken – Williams – 839
 Wildcat – Bakken – Divide – 35259
 Wildcat – Bakken – Williams

Monthly total – 83,524
 Daily average – 2,694

Denbury Onshore, LLC
 Arnegard – Bakken – McKenzie – 5114
 Bear Creek – Bakken – Dunn – 14753
 Bicentennial – Bakken – Golden Valley – 384

August 2012 North Dakota Bakken oil production by company

Buckhorn – Bakken – Billings – 358
Camp – Bakken – McKenzie – 575
Cedar Coulee – Bakken – Dunn – 1627
Charlson – Bakken – McKenzie – 45579
Corral Creek – Bakken – Dunn – 1508
Devils Pass – Bakken – McKenzie – 33
Devils Pass – Bakken – Billings
Elidah – Bakken – McKenzie – 710
Elk – Bakken – McKenzie – 7952
Elkhorn Ranch – Bakken – Billings – 32
Garden – Bakken – McKenzie – 15982
Glass Bluff – Bakken – McKenzie – 10057
Hofflund – Bakken – Williams – 1735
Indian Hill – Bakken – McKenzie – 2417
Killdeer – Bakken – Dunn – 4394
Lost Bridge – Bakken – Dunn – 3002
Morgan Draw – Bakken – Golden Valley – 699
Morgan Draw – Bakken – Billings
Murphy Creek – Bakken – Dunn – 21647
North Fork – Bakken – McKenzie – 3901
North Tobacco Garden – Bakken – McKenzie – 16367
Rough Rider – Bakken – McKenzie – 461
Sand Creek – Bakken – McKenzie – 7254
Siverston – Bakken – McKenzie – 146019
Squaw Creek – Bakken – McKenzie – 963
St. Demetrius – Bakken – Billings – 166
Tobacco – Bakken – McKenzie – 52601
Wildcat – Bakken – McKenzie – 3039
Wildcat – Bakken – Ward

Monthly total – 369,329
Daily average – 11,914

Eagle Operating, Inc
Spiral – Bakken – Burke – 50

Monthly total - 50
Daily average – 1.612

Earthstone Energy, Inc.
Flat Top Butte – Bakken – McKenzie – 181

Monthly total - 181
Daily average – 5.84

Encore Energy Partners Operating LLC
Ice Caves – Bakken – Billings – 47
North Tioga – Bakken – Burke – 55
Tree Top – Bakken – Billings – 101

Monthly total - 203
Daily average – 6.55

Endeavor Energy Resources, L.P.
Bicentennial – Bakken – McKenzie – 25

Monthly total - 25
Daily average - .81

Enerplus Resources USA Corporation
Beicegel Creek – Bakken – McKenzie – 0
Eagle Nest – Bakken – Dunn – 10571
Four Bears – Bakken – McKenzie – 1183
Heart Butte – Bakken – Dunn – 56129
Mandaree – Bakken – Dunn – 63061
McGregory Buttes – Bakken – Dunn – 132357
Moccasin Creek – Bakken – Dunn – 23073
Mondak – Bakken – McKenzie – 218
South Fork – Bakken – Dunn – 6578
Spotted Horn – Bakken – McKenzie – 3270
Squaw Creek – Bakken – Dunn – 13979
Wildcat – Bakken – Dunn – 6079

Monthly total – 316,498
Daily average – 10,209

EOG Resources, Inc.
Alger – Bakken – Mountrail – 54085
Clarks Creek – Bakken – McKenzie – 75312
Clear Water – Bakken – Mountrail – 159854
Clear Water – Bakken – Burke
Cottonwood – Bakken – Mountrail – 8172
Eightmile – Bakken – Williams – 3835
Hebron – Bakken – Williams – 1371
Kittleson Slough – Bakken – Mountrail – 111830
Lake Trenton – Bakken – Williams – 1694
Little Butte – Bakken – Burke – 2286
Mandaree – Bakken – Dunn – 20941
Painted Woods – Bakken – Williams – 48086
Parshall – Bakken – Mountrail – 606227
Rosebud – Bakken – Williams – 6587
Ross – Bakken – Mountrail – 65950
Round Prairie – Bakken – Williams – 28022
Sixmile – Bakken – Williams – 5688
Spotted Horn – Bakken – McKenzie – 4071
Squaw Creek – Bakken – McKenzie – 29277
Squires – Bakken – Williams – 3919
Stanley – Bakken – Mountrail – 24976
Thompson Lake – Bakken – Burke – 22571
Van Hook – Bakken – Mountrail – 141464
Vanville – Bakken – Mountrail – 863
Wildcat – Bakken – Williams – 1966

Monthly total – 1,429,047
Daily average – 46,098

Evertson Operating Company, Inc
Ray – Bakken – Williams – 388

Monthly total - 388
Daily average – 12.5

Fidelity Expoloration & Production Company
Alger – Bakken – Mountrail – 11751
Dutch Henry Butte – Bakken – Stark – 2155
Green River – Bakken – Stark – 347
Heart River – Bakken – Stark – 3279
Sanish – Bakken – Mountrail – 115609

Stanley – Bakken – Mountrail – 79568
Wildcat – Bakken – Stark – 426

Monthly total – 213,135
Daily average – 6,875

Filco Incorporated
Charlson – Bakken – McKenzie – 25
Rough Rider – Bakken – McKenzie – 28

Monthly total - 53
Daily average – 1.7

Gadeco, LLC
Epping – Bakken – Williams – 11785

Monthly total – 11,785
Daily average – 380

Galaxy Oil
Hamlet – Bakken – Divide – 25
Sauk – Bakken – Williams – 21

Monthly total - 46
Daily average – 1.4

G3 Operating, LLC (subsidiary of GeoResources, Inc.)
Climax – Bakken – Williams – 15120
Flat Top Butte – Bakken – McKenzie – 51
Good Luck – Bakken – Williams – 3053
Little Muddy – Bakken – Williams – 5147
Strandahl – Bakken – Williams – 55323
Wildcat – Bakken – Williams – 2109

Monthly total – 80,752
Daily average – 2,605

GMX Resources Inc
Beicegel Creek – Bakken – McKenzie – 3523
Bennett Creek – Bakken – McKenzie – 4248
Butte – Bakken – McKenzie – 2653
New Hradec – Bakken – Stark – 3941
Tree Top – Bakken – Billings – 1921

Monthly total – 16,286
Daily average - 525

Helis Oil & Gas Company, LLC
Blue Buttes – Bakken – McKenzie – 30849
Croff – Bakken – McKenzie – 22647
Grail – Bakken – McKenzie – 172048
Spotted Horn – Bakken – McKenzie – 32416

Monthly total – 257,960
Daily average – 8,321

Hess Corporation
Alger – Bakken – Mountrail – 89943
Alkali Creek – Bakken – Mountrail – 72758
Antelope Creek – Bakken – McKenzie – 9526
Bailey – Bakken – Dunn – 407
Banks – Bakken – McKenzie – 24751
Baskin – Bakken – Mountrail – 26842
Baukol Noonan – Bakken – Divide – 1276
Bear Creek – Bakken – Dunn – 2535
Beaver Lodge – Bakken – Williams – 114453
Big Butte – Bakken – Mountrail – 122498
Big Gulch – Bakken – Dunn – 23714
Blue Buttes – Bakken – McKenzie – 75799
Capa – Bakken – Williams – 89216
Cedar Coulee – Bakken – Dunn – 9277
Cherry Creek – Bakken – McKenzie – 25584
Clear Water – Bakken – Mountrail – 24613
Cottonwood – Bakken – Mountrail – 1141
Crazy Man Creek – Bakken – Williams – 16812
Dollar Joe – Bakken – Williams – 32277
East Fork – Bakken – Williams – 3012
East Tioga – Bakken – Mountrail – 650
Elk – Bakken – McKenzie – 4926
Ellsworth – Bakken – McKenzie – 37348
Elm Tree – Bakken – McKenzie – 40946
Enget Lake – Bakken – Mountrail – 1039
Forthun – Bakken – Burke – 4478
Glass Bluff – Bakken – McKenzie – 9866
Hans Creek – Bakken – Dunn – 215
Hawkeye – Bakken – McKenzie – 69587
Hofflund – Bakken – Williams – 46226
Jim Creek – Bakken – Dunn – 2343
Juniper – Bakken – McKenzie – 3929
Kittleson Slough – Bakken – Mountrail – 740
Lake Ilo – Bakken – Dunn – 188
Larson – Bakken – Burke – 5252
Little Knife – Bakken – Dunn – 75960
Lone Butte – Bakken – Dunn – 5932
Lone Tree Lake – Bakken – Williams – 29626
Manitou – Bakken – Mountrail – 86590
Manning – Bakken – Dunn – 2126
Marmon – Bakken – Williams – 17104
Midway – Bakken – Williams – 1649
Murphy Creek – Bakken – Dunn – 46768
Oliver – Bakken – Williams – 19211
Parshall – Bakken – Mountrail – 3585
Pleasant Valley – Bakken – Mountrails – 16494
Rainbow – Bakken – Williams – 17016
Ray – Bakken – Williams – 88774
Robinson Lake – Bakken – Mountrail – 153007
Ross – Bakken – Mountrail – 69992
Sandrocks – Bakken – McKenzie – 7683
Sather Lake – Bakken – McKenzie – 2863
Saxon – Bakken – Dunn – 211
Short Creek – Bakken – Burk – 1690
Siverston – Bakken – McKenzie – 11687
Sorkness – Bakken – Mountrail – 9111
Spencer – Bakken – Ward – 1112
Stanley – Bakken – Mountrail – 4591
Tioga – Bakken – Williams – 20349
Tioga – Bakken – Mountrail

Truax – Bakken – Williams – 43014
Westberg – Bakken – McKenzie – 7212
Wheelock – Bakken – Williams – 52397
White Earth – Bakken – Mountrail – 3823
Wildcat – Bakken – McKenzie – 5735
Wildcat – Bakken – Williams

Monthly total – 1,799,479
Daily average – 58,048

Hunt Oil Company
Antelope Creek – Bakken – McKenzie – 5613
Bailey – Bakken – Dunn – 8524
Bear Butte – Bakken – McKenzie – 1954
Buffalo Wallow – Bakken – McKenzie – 4576
Bully – Bakken – McKenzie – 2233
Clear Water – Bakken – Mountrail – 12574
Ellsworth – Bakken – McKenzie – 4613
Lake Ilo – Bakken – Dunn – 11244
Parshall – Bakken – Mountrail – 101013
Ross – Bakken – Mountrail – 61150
Werner – Bakken – Dunn – 28609
Wolf Bay – Bakken – Dunn – 22095

Monthly total – 264,198
Daily average – 8,522

Jettison, Inc
Little Knife – Bakken – Dunn – 85
Stoneview – Bakken – Burke – 401

Monthly total - 486
Daily average – 15.7

Kodiak Oil & Gas (USA) Inc.
Banks – Bakken – McKenzie – 6075
Bully – Bakken – McKenzie – 2006
Corinth – Bakken – Williams – 2893
East Fork – Bakken – Williams – 18247
Epping – Bakken – Williams – 47837
Heart Butte – Bakken – Dunn – 47631
Mandaree – Bakken – Dunn – 26172
Moccasin Creek – Bakken – Dunn – 26721
Mondak – Bakken – McKenzie – 13306
Pembroke – Bakken – McKenzie – 48389
Pierre Creek – Bakken – McKenzie – 1189
Poe – Bakken – McKenzie – 75782
Sand Creek – Bakken – McKenzie – 1147
South Fork – Bakken – Dunn – 36520
Stockyard Creek – Bakken – Williams – 50621
Truax – Bakken – Williams – 107529
Twin Buttes – Bakken – Dunn – 33132
Wildcat – Bakken – Williams – 4828
Wildcat – Bakken – McKenzie
Wildrose – Bakken – Divide – 3387

Monthly total – 553,412
Daily average – 17,852

Legacy Reserves Operating LP
Ash Coulee – Bakken – Billings – 358
Elkhorn Ranch – Bakken – Billings – 848
Roosevelt – Bakken – Billings – 2060
South Boxcar – Bakken – McKenzie – 173
Squaw Gap – Bakken – McKenzie – 619

Monthly total – 4,058
Daily average - 131

Liberty Resources, LLC
East Fork – Bakken – Williams – 4680

Monthly total – 4,680
Daily average - 151

Marathon Oil Company
Bailey – Bakken – Dunn – 183235
Big Bend – Bakken – Mountrail – 20166
Chimney Butte – Bakken – Dunn – 1917
Deep Water Creek Bay – Bakken – McLean – 31448
Four Bears – Bakken – McKenzie – 1681
Jim Creek – Bakken – Dunn – 880
Killdeer – Bakken – Dunn – 64327
Lake Ilo – Bakken – Dunn – 16576
Lone Butte – Bakken – Dunn – 9796
Lost Bridge – Bakken – Dunn – 5485
McGregory Buttes – Bakken – Dunn – 7511
Moccasin Creek – Bakken – Dunn – 14411
Murphy Creek – Bakken – Dunn – 95201
Reunion Bay – Bakken – Mountrail – 368048
Reunion Bay – Bakken – McKenzie
Strandahl – Bakken – Williams – 5803
Van Hook – Bakken – Mountrail – 20847
Werner – Bakken – Dunn – 996
Wildcat – Bakken – Williams – 1864
Wildcat – Bakken – McLean

Monthly total – 850,192
Daily average – 27,426

MBI Oil & Gas, LLC
Rough Rider – Bakken – McKenzie – 384
Tree Top – Bakken – Billings – 0

Monthly total - 384
Daily average – 12.4

Missouri River Royalty Corporation
Juniper – Bakken – McKenzie – 33
Manitou – Bakken – Mountrail – 0

Monthly total - 33
Daily average – 1.06

Murex Petroleum Corporation
Beaver Lodge – Bakken – Williams – 21092
Glass Bluff – Bakken – McKenzie – 9655
McGregor – Bakken – Williams – 31941

August 2012 North Dakota Bakken oil production by company

Midway – Bakken – Williams – 24525
 Sandrocks – Bakken – McKenzie – 4595
 Sanish – Bakken – Mountrail – 57267
 Stanley – Bakken – Mountrail – 20654
 Temple – Bakken – Williams – 170
 Tioga – Bakken – Williams – 2834
 West Bank – Bakken – Williams – 22559
 West Capa – Bakken – Williams – 1589
 West Tioga – Bakken – Williams – 1847

Monthly total – 198,728
 Daily average – 6,411

Newfield Production Company

Bear Den – Bakken – McKenzie – 37164
 Clear Creek – Bakken – McKenzie – 8549
 Fertile Valley – Bakken – Divide – 5445
 Haystack Butte – Bakken – Dunn – 2915
 Keene – Bakken/Three Forks – McKenzie – 5996
 Lost Bridge – Bakken – Dunn – 5934
 Pembroke – Bakken – McKenzie – 10195
 Sand Creek – Bakken – McKenzie – 25243
 Sandrocks – Bakken – McKenzie – 7614
 Siverston – Bakken – McKenzie – 51451
 South Tobacco Garden – Bakken – McKenzie – 44110
 Tobacco Garden – Bakken – McKenzie – 36068
 Westberg – Bakken – McKenzie – 31985
 Wildcat – Bakken – Williams – 6167

Monthly total – 278,836
 Daily average – 8,995

Oasis Petroleum North America LLC

Alger – Bakken – Mountrail – 34780
 Alkali Creek – Bakken – Mountrail – 24450
 Baker – Bakken – McKenzie – 32781
 Black Slough – Bakken – Burke – SI ?
 Bonetrail – Bakken – Williams – 18784
 Bull Butte – Bakken – Williams – 62253
 Camp – Bakken – McKenzie – 113359
 Camp – Bakken – Williams
 Cottonwood – Bakken – Mountrail – 68139
 Cottonwood – Bakken – Burke
 Cow Creek – Bakken – Williams – 13965
 Eightmile – Bakken – McKenzie – 4332
 Gros Ventre – Bakken – Burke – 23515
 Indian Hill – Bakken – McKenzie – 1350
 Leaf Mountain – Bakken – Burke – 126
 Missouri Ridge – Bakken – Williams – 21082
 Mondak – Bakken – McKenzie – 11477
 Painted Woods – Bakken – Williams – 14406
 Robinson Lake – Bakken – Mountrail – 8415
 Sanish – Bakken – Mountrail – 12507
 Sorkness – Bakken – Mountrail – 2577
 Squires – Bakken – Williams – 22171
 Strandahl – Bakken – Williams – 1733
 Todd – Bakken – Williams – 6519
 Tyrone – Bakken – Williams – 46876
 Wildcat – Bakken – McKenzie
 Wildcat – Bakken – Mountrail – 20781
 Willow Creek – Bakken – Williams – 46164

Monthly total – 612,542
 Daily average – 19,759

OXY USA, Inc.

Cabernet – Bakken – Dunn – 31010
 Crooked Creek – Bakken – Dunn – 7319
 Dimond – Bakken – Burke – 50798
 Fayette – Bakken – Dunn – 114650
 Hungry Man Butte – Bakken – Billings – 1583
 Little Knife – Bakken – Dunn – 7216
 Manning – Bakken – Dunn – 24475
 Murphy Creek – Bakken – Dunn – 57567
 Russian Creek – Bakken – Williams – 11811
 Simon Butte – Bakken – Dunn – 15954
 St. Anthony – Bakken – Dunn – 12313
 Vanville – Bakken – Mountrail – 8233
 Willmen – Bakken – Billings – 22556
 Willmen – Bakken – Dunn

Monthly total – 357,252
 Daily average – 11,524

Petro Harvester Operating Company, LLC

Little Butte – Bakken – Burke – 410
 Thompson Lake – Bakken – Burke – 700

Monthly total – 1,110
 Daily average – 35.8

Petro-Hunt, LLC

Arnegard – Bakken – McKenzie – 4671
 Charlson – Bakken – McKenzie – 83440
 Clear Creek – Bakken – McKenzie – 83639
 Dublin – Bakken – Williams – 4030
 Eagle Nest – Bakken – Dunn – 90848
 East Tioga – Bakken – Mountrail – 18829
 Ellisville – Bakken – Williams – 5983
 Four Bears – Bakken – McKenzie – 11108
 Glass Bluff – Bakken – McKenzie – 14562
 Keene – Bakken/Three Forks – McKenzie – 3129
 Little Knife – Bakken – Dunn – 5824
 Lone Tree Lake – Bakken – Williams – 4025
 Marmon – Bakken – Williams – 23399
 McGregor Buttes – Bakken – Dunn – 39479
 Nameless – Bakken – McKenzie – 975
 North Tioga – Bakken – Burke – 50690
 Otter – Bakken – Williams – 29976
 Powers Lake – Bakken – Mountrail – 1737
 Spotted Horn – Bakken – McKenzie – 13967
 Stockyard Creek – Bakken – Williams – 9600
 Tyrone – Bakken – Williams – 4003
 Union Center – Bakken – McKenzie – 30660
 Wildcat – Bakken – McKenzie – 22286
 Wildcat – Bakken – Williams

Monthly total – 556,860

Daily average – 17,963

Phillip D. Armstrong

Charlson – Bakken – McKenzie – 166
 Elm Tree – Bakken – McKenzie – 26868

Monthly total – 27,034
 Daily average – 872

Pride Energy, An Oklahoma General Partnership

Cartwright – Bakken – McKenzie – 347
 Elkhorn Ranch – Bakken – Billings – 206
 Squaw Gap – Bakken – McKenzie – 0

Monthly total - 553
 Daily average - 18

Prima Exploration, Inc.

Little Butte – Bakken – Burke – 2402
 South Coteau – Bakken – Burke – 2746
 Wildcat – Bakken – Burke – 3723

Monthly total – 8,871
 Daily average – 286

QEP Energy Company

Deep Water Creek Bay – Bakken – McLean – 85153
 Heart Butte – Bakken – Dunn – 43073
 Squires – Bakken – Williams – 16900
 Van Hook – Bakken – Mountrail- 12168
 Wildcat – Bakken – Dunn – 6935

Monthly total – 164,229
 Daily average – 5,298

Ranch Oil Company

Buckhorn – Bakken – Billings – 107
 Covered Bridge – Bakken – McKenzie – 119
 Flat Top Butte – Bakken – McKenzie – 290
 Westberg – Bakken – McKenzie – 25

Monthly total - 541
 Daily average - 17

Renegade Petroleum (North Dakota) LTD

Wildcat – Bakken – Renville - SI

Resolute Natural Resources Company, LLC

Lone Butte – Bakken – Dunn – 1322
 Ranch Creek – Bakken – McKenzie – 446

Monthly total – 1,768
 Daily average - 57

Resource Drilling, LLC

Clear Water – Bakken – Mountrail – 7756

Monthly total – 7,756
 Daily average - 250

Rolling Hills Oil & Gas, LLC

Big Gulch – Bakken – Dunn – 11

Monthly total - 11
 Daily average - .35

Samson Resources Company

Ambrose – Bakken – Divide – 67839
 Baukol Noonan – Bakken – Divide – 2842
 Black Slough – Bakken – Burke – 3569
 Blooming Prairie – Bakken – Divide – 33234
 Bluffton – Bakken – Divide – 8624
 Candak – Bakken – Divide – 3055
 Elkhorn Ranch – Bakken – Billings – 148
 Ellisville – Bakken – Williams – 6381
 Foothills – Bakken – Burke – 5263
 Forthun – Bakken – Burke – 4344
 Juno – Bakken – Divide – 9168
 Paulson – Bakken – Divide – 3642
 Ross – Bakken – Mountrail – 8610
 South Meadow – Bakken – Williams – 432
 West Ambrose – Bakken – Divide – 19228
 Wildcat – Bakken – Divide – 10442

Monthly total – 186,821
 Daily average – 6,026

Samuel Gary Jr. & Associates, Inc

West Tioga – Bakken – Williams – 415

Monthly total - 415
 Daily average - 13

Sequel Energy, LLC

Cinnamon Creek – Bakken – McKenzie – 2133
 Cottonwood – Bakken – Mountrail – 480
 Cottonwood – Bakken – Burke
 Flat Top Butte – Bakken – McKenzie – 929
 Hay Draw – Bakken – McKenzie – 30
 North Tioga – Bakken – Burke – 1648
 Pierre Creek – Bakken – McKenzie – 1617
 Stoneview – Bakken – Burke – 85
 Stoneview – Bakken – Divide

Monthly total – 6,922
 Daily average - 223

Sinclair Oil and Gas Company

Little Knife – Bakken – Dunn – 13531
 Mary – Bakken – Dunn – 4015
 Parshall – Bakken – Mountrail – 8857
 Robinson Lake – Bakken – Mountrail – 3538
 Sanish – Bakken – Mountrail – 39775
 Stanley – Bakken – Mountrail – 0

Monthly total – 69,716
 Daily average – 2,248

Slawson Exploration Company, Inc.

Alger – Bakken – Mountrail – 34131
 Arnegard – Bakken – McKenzie – 4461
 Baker – Bakken – McKenzie – 19662
 Bicentennial – Bakken – McKenzie – 227
 Big Bend – Bakken – Mountrail – 164766
 Boxcar Butte – Bakken – McKenzie – 2682
 Bully – Bakken – McKenzie – 1611
 Cabernet – Bakken – Dunn – 3447
 Cedar Coulee – Bakken – Dunn – 74
 Elk – Bakken – McKenzie – 4961
 Elm Tree – Bakken – McKenzie – 26868
 Kittleson Slough – Bakken – Mountrail – 30180
 Mondak – Bakken – McKenzie – 6443
 Murphy Creek – Bakken – Dunn – 10591
 North Tobacco Garden – McKenzie – 9415
 Painted Woods – Bakken – Williams – 4270
 Parshall – Bakken – Mountrail – 9145
 Pleasant Hill – Bakken – McKenzie – 3456
 Ross – Bakken – Mountrail – 18034
 Sanish – Bakken – Mountrail – 24528
 Saxon – Bakken – Dunn – 3637
 Squaw Gap – Bakken – McKenzie – 2614
 Tobacco Garden – Bakken – McKenzie – 6799
 Trailside – Bakken – McKenzie – 2422
 Van Hook – Bakken – Mountrail – 337775
 Wildcat – Bakken – McKenzie – 2475
 Wildcat – Bakken – Williams

Monthly total – 734,674
 Daily average – 23,699

SM Energy Company

Ambrose – Bakken – Divide – 19170
 Baker – Bakken – McKenzie – 19662
 Banks – Bakken – McKenzie – 4050
 Bear Den – Bakken – McKenzie – 17271
 Bicentennial – Bakken – McKenzie – 4832
 Bicentennial – Bakken – Golden Valley
 Camp – Bakken – McKenzie – 8917
 Charlson – Bakken – McKenzie – 10935
 Colgan – Bakken – Divide – 29447
 Croff – Bakken – McKenzie – 108304
 Devils Pass – Bakken – McKenzie – 0
 Dimmick Lake – Bakken – McKenzie – 3040
 Elk – Bakken – McKenzie – 12806
 Elkhorn Ranch – Bakken – Billings – 305
 Indian Hill – Bakken – McKenzie – 8437
 Mondak – Bakken – McKenzie – 2113
 Phelps Bay – Bakken – McKenzie – 1215
 Pierre Creek – Bakken – McKenzie – 535
 Poe – Bakken – McKenzie – 24063
 Rough Rider – Bakken – McKenzie – 1340
 Siverston – Bakken – McKenzie – 17281
 West Ambrose – Bakken – Divide – 86744
 Wildcat – Bakken – McKenzie – 18672
 Wildcat – Bakken – Stark
 Wildcat – Bakken – Divide

Monthly total – 399,139
 Daily average – 12,875

Sundance Energy, Inc

Spotted Horn – Bakken – McKenzie – 619

Monthly total - 619
 Daily average – 19.96

Texakota, Inc

West Tioga – Bakken – Williams – 2572

Monthly total – 2,572
 Daily average - 83

The Triple T, Inc.

Glade – Bakken – Billings – 12

Monthly total - 12
 Daily average - .387

Triangle USA Petroleum Corporation

Antelope Creek – Bakken – McKenzie – 14563
 Otter – Bakken – Williams – 10465
 Pronghorn – Bakken – McKenzie – 11585

Monthly total – 36,613
 Daily average – 1,181

Tri-C Resources, LLC

Catwalk – Bakken – Williams – 375
 Squires – Bakken – Williams – 394

Monthly total - 769
 Daily average - 24

True Oil, LLC

Buffalo Wallow – Bakken – McKenzie – 677

Monthly total - 677
 Daily average - 22


Wesco Operating, Inc.

Bicentennial – Bakken – McKenzie – 157
 North Fork – Bakken – McKenzie – 9

Monthly total - 166
 Daily average - 5.35

Whiting Oil and Gas Corporation


Alger – Bakken – Mountrail – 3620
 Ash Coulee – Bakken – Billings – 2101
 Beaver Creek – Bakken – Golden Valley – 8929
 Bell – Bakken – Stark – 101593
 Bicentennial – Bakken – McKenzie – 4258
 Bicentennial – Bakken – Golden Valley
 Big Stick – Bakken – Billings – 8443
 Buckhorn – Bakken – Billings – 707
 Buckhorn – Bakken – McKenzie



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“Discussions with potential shippers and other stakeholders (on the conversion plan) are under way to determine if this is a project the market wants,” TransCanada Chief Executive Officer Russ Girling said. “And based on early indications, we believe that it is.”

Eastern markets target

Pourbaix said the conversion could carry 500,000 to 1 million barrels per day to eastern markets, where it could feed U.S. seaboard refineries using 1 million bpd and a 500,000 bpd Canadian refining market in Ontario and Quebec.

He said those refineries are configured to handle lighter blends which are imported from the North Sea, offshore Africa and Saudi Arabia.

Those sources could be displaced by synthetic crude from Alberta and light sweet crude from the Bakken in Saskatchewan and North Dakota.

“Longer term there is obviously the potential to see some capital investment in those refineries to allow them to run the heavier Alberta crudes,” Pourbaix said.

But neither Pourbaix nor Girling would be drawn into a detailed discussion on whether the project would open the door to shipping Canadian crude to Europe and Asia.

Girling said shipments across the Atlantic would depend on whether prospective customers were interested in buying Canadian crude, an indirect reference to political opposition from Europe to the use of crude from the Alberta oil sands.

He said that while discussions are under way with shippers it is “too early to share details.”

TransCanada has estimated it would cost about C\$8.50 per barrel to send crude from the Canadian East Coast to China, compared with the C\$5.20-C\$8.20 cost of shipping to Shanghai from Enbridge's proposed Northern Gateway system.

The Mainline delivers Western Canadian gas to Ontario and Quebec, but has been operating far below capacity in recent years as gas production has shrunk in Western Canada and new supplies have come on stream from the Marcellus shale.

Pourbaix noted that the Mainline has built-in advantages to handle a conversion, including the fact that “80 percent of the pipe is already in the ground.”

He said TransCanada is currently concentrating on proceeding with delivery systems within Alberta, including its newly announced Northern Courier and Grand Rapids projects, to establish connections from the oil sands to the Heartland region near Edmonton and the Hardisty hub in central Alberta.

Laurie Smith, an attorney with Bennett Jones who works with energy companies, said TransCanada believes it can deliver crude to China from the North American Atlantic seaboard at a competitive cost compared to shipments from the Pacific Coast.

He said that option is being very actively explored “right now.”

TransCanada has estimated it would cost about C\$8.50 per barrel to send crude from the Canadian East Coast to China, compared with the C\$5.20-C\$8.20 cost of shipping to Shanghai from Enbridge's proposed Northern Gateway system. ●

Contact Gary Park through publisher@petroleumnews.com

August 2012 North Dakota Bakken oil production by company

Chateau – Three Forks – Billings – 2594
Cooks Peak – Three Forks – Golden Valley – 3985
Demores – Bakken – Billings – 6172
Dollar Joe – Bakken – Williams – 7379
Dutch Henry Butte – Bakken – Stark – 14298
Elkhorn Ranch – Bakken – Billings – 13376
Ellsworth – Bakken – McKenzie – 13514
Four Eyes – Bakken – Billings – 239
Gaylord – Bakken – Stark – 27577
Gaylord – Bakken – Billings
Green River – Bakken – Stark – 2075
Heart River – Bakken – Stark – 2218
Morgan Draw – Bakken – Golden Valley – 11202
Morgan Draw – Bakken – Billings
New Hradec – Bakken – Stark – 4364
North Creek – Bakken – Stark – 12323
Park – Bakken – Billings – 25534
Parshall – Bakken – Mountrail – 22881
Pleasant Hill – Bakken – McKenzie – 12414
Poker Jim – Bakken – McKenzie – 173
Ray – Bakken – Williams – 4098
Robinson Lake – Bakken – Mountrail – 8274
Roosevelt – Bakken – Billings – 8370
Rough Rider – Bakken – McKenzie – 49
Sanish – Bakken – Mountrail – 1394569
Squaw Gap – Bakken – McKenzie – 467
T.R. – Bakken – Billings – 1709
Timber Creek – Bakken – McKenzie – 2976
Twin Valley – Bakken – McKenzie – 10510
Wildcat – Bakken – McKenzie – 6629
Wildcat – Three Forks – Golden Valley – si
Zenith – Bakken – Stark – 11457

Monthly total – 1,761,077
Daily average – 56,809

Windsor Energy Group, LLC
Parshall – Bakken – Mountrail – 7774

Monthly total – 7,774
Daily average – 251

WPX Energy Williston, LLC
Eagle Nest – Bakken – Dunn – 10890
Eagle Nest – Bakken – McKenzie
Heart Butte – Bakken – Dunn – 13810
Mandaree – Bakken – Dunn – 98204
Mandaree – Bakken – McKenzie
McGregory Buttes – Bakken – Dunn – 5986
Moccasin Creek – Bakken – Dunn – 24494
Reunion Bay – Bakken – Mountrail – 65224

Reunion Bay – Bakken – Dunn
South Fork – Bakken – Dunn – 19402
Spotted Horn – Bakken – McKenzie – 26173
Squaw Creek – Bakken – McKenzie – 48897
Van Hook – Bakken – Mountrail – 71795

Monthly total – 384,875
Daily average – 12,415

XTO Energy, Inc
Alkali Creek – Bakken – Mountrail – 13076
Alkali Creek – Bakken – Williams
Ash Coulee – Bakken – Billings – 133
Bear Creek – Bakken – Dunn – 10557
Bear Den – Bakken – McKenzie – 35893
Beaver Lodge – Bakken – Williams – 3215
Big Butte – Bakken – Mountrail – 1828
Big Meadow – Bakken – Williams – 2895
Blue Buttes – Bakken – McKenzie – 22438
Border – Bakken – Burke – 720
Bullsnake – Bakken – Billings – 399
Capa – Bakken – Williams – 29116
Charlson – Bakken – McKenzie – 14154
Charlson – Bakken – Williams
Crazy Man Creek – Bakken – Williams – 3996
Dollar Joe – Bakken – Williams – 19683
Glade – Bakken – Billings – 498
Grinnell – Bakken – Williams – 42790
Grinnell – Bakken – McKenzie
Haystack Butte – Bakken – McKenzie – 39512
Haystack Butte – Bakken – Dunn
Heart Butte – Bakken – Dunn – 102075
Hofflund – Bakken – Williams – 22479
Indian Hill – Bakken – McKenzie – 5893
Lindahl – Bakken – Williams – 1470
Lost Bridge – Bakken – Dunn – 53297
Manitou – Bakken – Williams – 417
McGregor – Bakken – Williams – 2293
Midway – Bakken – Williams – 23372
Mondak – Bakken – McKenzie – 37638
North Fork – Bakken – McKenzie – 1873
Poker Jim – Bakken – McKenzie – 1
Sand Creek – Bakken – McKenzie – 13121
Sorkness – Bakken – Mountrail – 3794
Squaw Gap – Bakken – McKenzie – 798
St. Demetrius – Bakken – Billings – 6374
Stoneview – Bakken – Burke – 1766
Stoneview – Bakken – Divide
Temple – Bakken – Williams – 3690
Tioga – Bakken – Williams – 4552
Truax – Bakken – Williams – 4565

West Bank – Bakken – Williams – 1999
West Capa – Bakken – Williams – 27072
Wildcat – Bakken – McKenzie – 2649

Monthly total – 562,091
Daily average – 18,132

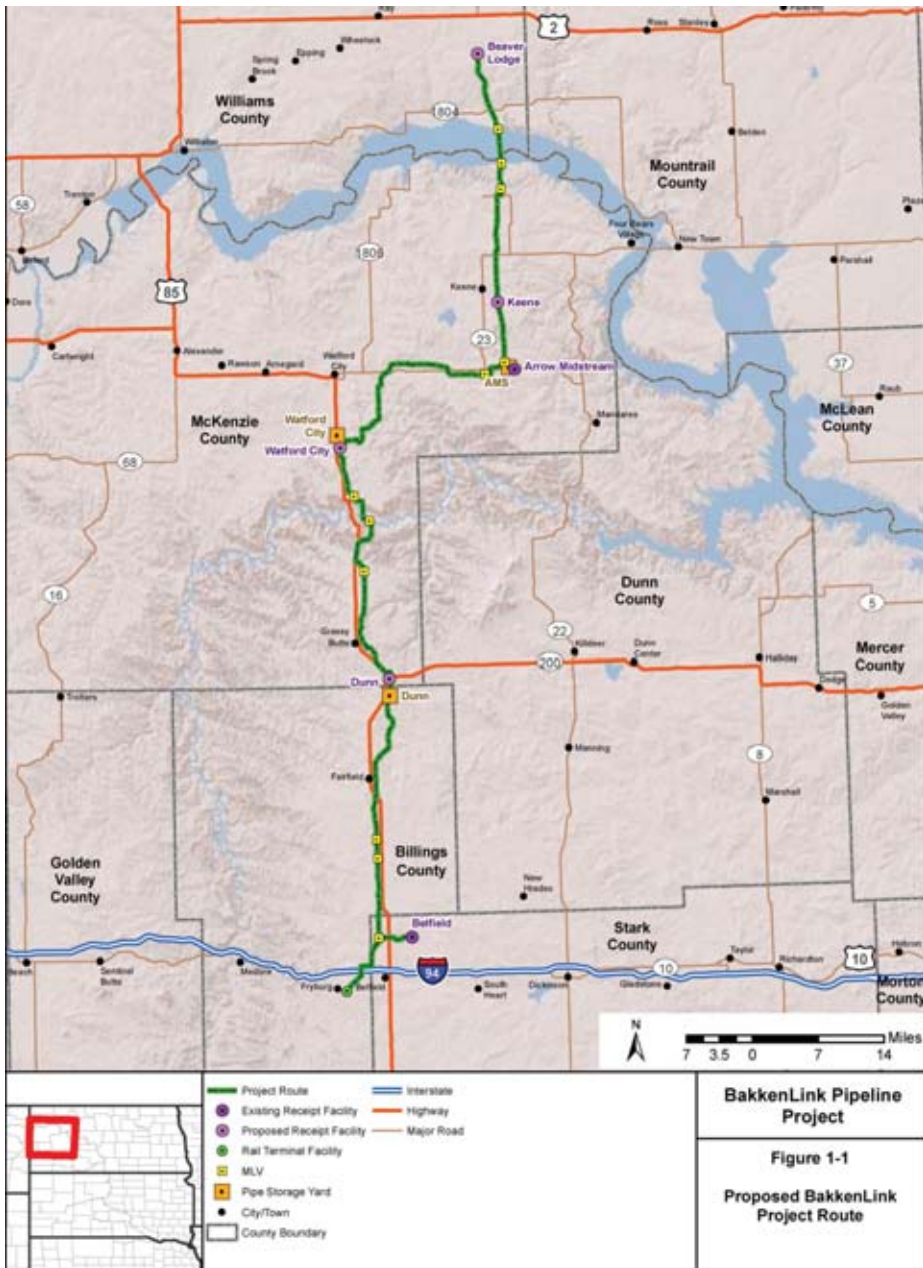
Zavanna, LLC
Crazy Man Creek – Bakken – Williams – 5494
Foreman Butte – Bakken – McKenzie – 25569
Glass Bluff – Bakken – McKenzie – 56360
Long Creek – Bakken – Williams – 30635
Stockyard Creek – Bakken – Williams – 54847
Stony Creek – Bakken – Williams – 133942

Monthly total – 306,847
Daily average – 9,898

Zenergy, Inc (formerly Zinke and Trumbo Inc.)
Assiniboine – Bakken – McKenzie – 6703
Banks – Bakken – McKenzie – 53695
Dore – Bakken – McKenzie – 4423
Eightmile – Bakken – Williams – 7618
Eightmile – Bakken – McKenzie
Elidah – Bakken – McKenzie – 901
Foreman Butte – Bakken – McKenzie – 1700
Ft. Buford – Bakken – Williams – 8964
Glass Bluff – Bakken – McKenzie – 3246
Indian Hill – Bakken – McKenzie – 9800
Lake Trenton – Bakken – Williams – 7570
North Tobacco Garden – Bakken – McKenzie – 9690
Painted Woods – Bakken – Williams – 19028
Rosebud – Bakken – Williams – 26544
Sand Creek – Bakken – McKenzie – 1970
Siverston – Bakken – McKenzie – 28832
Squires – Bakken – Williams – 1922
Trenton – Bakken – Williams – 5006
Wildcat – Bakken – McKenzie – 9066
Wildcat – Bakken – Williams

Monthly total – 206,678
Daily average – 6,667

Note: Burlington Resources Oil & Gas Company LP is owned by Conoco Phillips; Brigham Oil & Gas, L.P. is owned by Statoil; and XTO Energy, Inc. is owned by Exxon-Mobil. The company names used in this chart are exactly as they appear in State of North Dakota Oil & Gas Division records, but some of the companies might have merged or been acquired by others.



continued from page 1
BAKKENLINK

required and the agency has issued a right-of-way grant for the project. With granting the right of way, BLM begins a 30-day period during which its decision can be appealed, but construction on the project is allowed to begin immediately.

As originally proposed to BLM, the proposed BakkenLink would have run 132 miles starting near Tioga in Williams County and running south across Lake Sakakawea through Keane, then over to Watford City, and then south to a rail facility at Fryburg in Billings County. However, the BLM approved route excluded the Lake Sakakawea crossing, so the pipeline will run approximately 98 miles beginning on the south side of the lake at the existing Arrow Midstream receipt facility south of Keane to Fryburg.

Initial capacity of 65,000 bpd

The 8-inch and 12-inch pipeline will have an initial capacity of 65,000 barrels per day with the ability to expand to 85,000 barrels per day, according to the plan of development filed with BLM.

As previously reported by Petroleum News Bakken, the North Dakota Public Service Commission gave the project its green light in early September, and with that approval all requirements of the State of North Dakota were met. The comment period on the BLM's draft EA closed Sept. 15, leaving review of the 12 public comments the agency received on the draft EA and an agency determination as to significant impacts the only remaining regulatory hurdles.

The BakkenLink is a Bakken Pipeline LLC project, which is a wholly owned subsidiary of Houston-based Great Northern Midstream. Great Northern Midstream is constructing the rail facility where the BakkenLink will terminate at Fryburg.

Originally the BakkenLink was intended to run all the way to Baker, Mont.,

The 8-inch and 12-inch pipeline will have an initial capacity of 65,000 barrels per day with the ability to expand to 85,000 barrels per day, according to the plan of development filed with BLM.

where it was to connect to the Keystone XL pipeline, but when the Keystone XL project was put on hold in 2011, BakkenLink LLC modified its plan and opted to terminate the pipeline at the Fryburg rail facility.

—MIKE ELLERD

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continued from page 1
RAIL NEEDS CAP-EX

He said that obstacle has “really slowed down the growth of heavy oil and bitumen.”

Despite the arrival in the next six months of participants with the necessary cars, most railcars leaving Alberta are old, well-used and come from some other sector.

“We just kind of rerouted them into this trade,” Perry said.

Potential California market

Crude transportation by rail opens up a potential untapped market in California for Canadian crude, said Ed Koshka, operations vice president for E-T Energy.

He noted that California uses about 1.8 million barrels per day and processes it through some of the most sophisticated refineries in the world.

But the absence of pipelines for Canadian crude to access the Golden State opens the door to shipments by rail, Koshka said.

But, again, capital investment poses the

biggest challenge, he said.

Other speakers noted that large refineries are also unable or unwilling to handle crude from railcars and suggested that mid-stream companies could help by taking crude from railcars and sending it on to refineries for processing.

Perry said he knows of a refinery which process 250,000 bpd of crude and views a railcar delivering 500 barrels of crude as too small to be worth the required handling effort.

However, he noted that some facilities in New Brunswick, Delaware and the Gulf Coast are adapting their plants to accept crude directly from railcars.

Koshka suggested that convincing more refineries to take that route might simply require proof that the change is not so great.

He said many refineries load their products on to railcars, “so you’ve just got to get them to think about doing it at the front end.”

—KAY CASHMAN

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continued from page 1
BARGING AHEAD

barrels per day and building to 150,000 bpd.

He also said there might be interest in moving volumes of 330,000 barrels — a quantity that would surpass capacity of Kirby's barges.

Steve Holcomb, Kirby's vice president of investor relations, said innovative means of shipping Bakken crude to California are needed because there are no immediate plans for pipelines to the West Coast or to Baton Rouge, La.

He said Kirby expects that crude will be coming out of Washington State, Albany and St. Louis, originating from unit trains out of the Bakken.

Kirby is already using the rail-barge system to deliver Bakken crude from Albany, N.Y., to New York harbor, then to refineries near Philadelphia that are eager to source alternatives to Brent-priced crude.

Kirby Chief Executive Officer Joseph Pyne said he is counting on that arrangement expanding as East Coast refineries trade imported crude for domestic barrels.

Kirby has been active in carrying crude from Eagle Ford in south Texas to refineries near New Orleans, and crude from the

Kirby is already using the rail-barge system to deliver Bakken crude from Albany, N.Y., to New York harbor, then to refineries near Philadelphia that are eager to source alternatives to Brent-priced crude.

Bakken via St. Louis and along the Mississippi River to Baton Rouge refineries.

The company reported that its crude shipments kept its inland barges operating at up to 95 percent utilization in the third quarter and boosted term and spot prices.

Over the first nine months of 2012, Kirby has added 34 net new tank barges, raising capacity by 671,000 net barrels, expanding its core business to 853 barges and capacity of 16.9 million barrels.

More vessels could be acquired from Overseas Shipholding, which has indicated it might file for bankruptcy protection, although there are legal and legislative problems to overcome.

—GARY PARK

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Magnalight.com adds pedestal mounted halide light

Larson Electronics' Magnalight.com said Oct. 30 that it has announced the addition of a portable 400 watt metal halide hazardous area rated pedestal mount work light. Designed for high output, portability, and compliance with Class 1 Division 2 hazardous location regulations, the EPL-PM-1X400MH-100 Metal Halide Hazardous Location Light illuminates 25,000 square feet of work area and is suitable for wet locations. The compact size and 100 foot long cord of this unit combined with the pedestal base with built in carry handle provides operators in hazardous locations with an easily deployed and highly versatile source of portable illumination.



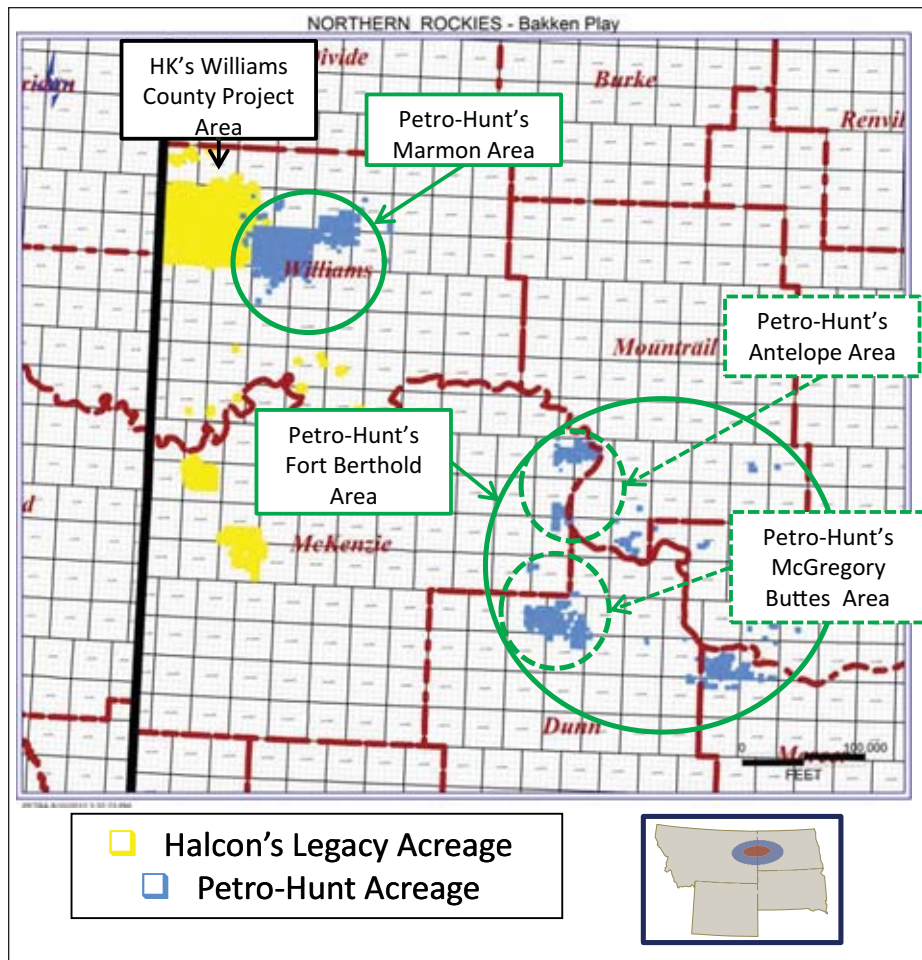
The EPL-PM-1X400MH-100 metal halide hazardous location light is a portable Class 1 Division 2 source of illumination that doesn't sacrifice power for portability. This industrial grade hazardous location light produces a 36,000 lumen flood beam of light using a 400 watt metal halide lamp and effectively illuminates 25,000 square feet of work area. The metal halide lamp assembly contained in this unit is approved for Class 1 Division 2 locations and has a weatherproof cast aluminum housing fitted with a hinged tempered glass door that is heat and impact resistant. The high performance ballast is sealed within the lamp housing and operates on voltages of 120 to 277 VAC for convenient connection to standard wall outlets. For more information visit www.magnalight.com.

Companies involved in the Bakken, Three Forks and related plays

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HALCON EXPANSION

and rationalize other assets as production ramps in the key plays is well under way.”

In a press release issued Oct. 22 prior to the conference call, Petro-Hunt President Bruce Hunt said his company is “pleased to become a significant Halcon shareholder through this transaction. The track record of Halcon’s management team speaks for itself, and we are confident they will do a great job of developing these solid assets. Petro-Hunt has a long history of operating oil and gas properties in the Williston Basin.” Petro-Hunt, he said, “will continue to operate production of approximately 24,000 Boe/d and develop our 600,000 plus acres of oil and gas leasehold in the Williston Basin with the full attention of our existing staff.”

What’s in the assets?

In the Oct. 22 conference call, Wilson said that more than 90 percent of the 81,000 net acres Halcon is acquiring from Petro-Hunt is held by production, and the remainder of the prospective acreage should be held by production by early 2013. Wilson said Halcon will have more than a 70 percent average working interest in the operating wells drilled in the acquired acreage, and will be operating 95 percent of the new acreage.

“This premier acreage position is prospective for the Bakken and Three Forks, and much of it is located in the core of the play,” Wilson said. “Current production from these assets is over 10,500 barrels of oil equivalent per day, and total proved reserves are estimated at approximately 42 million barrels of oil equivalent, 88 percent oil, 61 percent undeveloped, with an estimated total resource potential of over 100 million barrels of oil equivalent. Approximately 60 percent of the estimated proved reserves are attributable to the Fort Berthold area in Mountrail, Dunn and McKenzie counties, the core of the entire play.” While the new acreages are prospective in both the Bakken and Three Forks formations, Wilson said Halcon is currently focused on the Bakken.

Wilson went on to say that production results are better in the Fort Berthold area versus the Williams County area where he sees “huge room for improvement.” Of these two areas, Wilson said one is the

“absolute heart of the field” and the other is the “next ring out.”

According to Halcon Chief Operating Officer Robert Anderson, there are 17 locations already permitted and ready to drill on the Fort Berthold Indian Reservation and most of that acreage is already held by production. Permitting does take a little longer on the reservation, Anderson said, “but we’ve got a number of locations in the queue.”

Moving forward, Wilson said Halcon will work to reduce drilling days by utilizing pad drilling, and said that Halcon can lower completion costs in several ways, one notable way is by reducing fluid volumes in frack jobs. He said Halcon can also increase recoveries via completion design changes in casing and proppant.

Improvements to infrastructure will also be significant, Wilson said. “We can reduce gas flaring and capture revenue by installing gas gatherers. We can reduce weather-related downtime with the installation of oil gathering systems. We can reduce LOE (lease operating expense) through installing salt water disposal systems.”

Financing the deal

Halcon is financing the \$1.45 billion acquisition of the Petro-Hunt assets with \$750 million in equity notes and \$700 in cash. The equity notes are in the form of preferred stock that will convert to just over 100 million shares of Halcon common stock upon Halcon shareholder approval to increase the total number of shares outstanding.

The cash comes from several sources. Halcon recently expanded its borrowing base through financing commitments from J.P. Morgan, Wells Fargo, Barclays and Goldman Sachs and has a \$500 million bridge loan commitment.

The other major source of cash for the Petro-Hunt deal comes from the Canadian Pension Plan Investment Board or CPPIB, which recently agreed to purchase \$300 million worth of Halcon common stock. Through this agreement, the CPPIB will own an approximately 10 percent interest in Halcon and will be offered one seat on the board of directors. “We welcome CPPIB as a long-term, energy smart partner,” Wilson said in Halcon’s Oct. 22 press release.

Scott Lawrence, CPPIB vice president

CPP, Halcon deal

The Canada Pension Plan, CPP, is the Canadian federal government pension program somewhat similar to the U.S. Social Security system. In the CPP program, Canadian workers and their employers are required to pay into a fund that provides retirement, disability and survivor benefits. The CPP takes in more money than is needed to meet current benefits demands, and the excess money is turned over to the CPP Investment Board or CPPIB, which is a private professional investment management organization that is responsible for investing and growing CPP funds to meet the benefits demands of future generations of Canadian workers. CPP assets, that include employee and employer contributions as well as the return on the CPPIB investments, currently total C\$168.5 billion. Over the last 12 years, the CPPIB has generated over C\$60 billion and has seen a 6.6 percent average annual rate of return on its investments.



SCOTT LAWRENCE

CPPIB invested in Halcon as part of its Relationship Investments program, a program intended to provide strategic capital to public companies where the CPPIB can support a company's future success in a number of ways, including the financing of acquisitions, funding organic growth, or helping to recapitalize the balance sheet. According to the CPPIB, its goal is to act as a constructive partner and provider of capital on a long-term basis.

With the CPPIB's \$300 million equity investment in Halcon, the CPPIB acquires an approximately 10 percent stake the company and will be offered one seat on the board of directors. "CPPIB's investment aligns with our strategy to provide strategic, long-term capital to well-positioned companies like Halcon and work with management to help create value now and in the future," said CPPIB Vice President Scott Lawrence, who heads the CPPIB Relationship Investments program.

While the Halcon investment represents the CPPIB's first direct investment in the U.S. oil and gas sector, the CPPIB has invested in a number of oil and gas firms in Canada, with commitments exceeding C\$ 1.2 billion since 2010.

—MIKE ELLERD

continued from page 1

TIGHT OIL

quarter but down more than half from the \$300 million the company earned in the third quarter of 2011.

That's because while domestic oil prices remained roughly steady at about \$90 per barrel year over year, natural gas prices fell to \$2.64 per thousand cubic feet from \$4.15 a year ago and natural gas liquids prices fell to \$31.40 per barrel from \$52.25 a year ago.

ConocoPhillips produced 462,000 boe per day from its Lower 48 operations in the quarter, up from 441,000 boe per day in the second quarter and up from 434,000 boe per day in the third quarter of 2011. For oil, the company produced 124,000 bpd in the quarter, up from 115,000 bpd in the second quarter and 95,000 bpd year over year.

Bakken and Eagle Ford

In the Bakken, ConocoPhillips produced 29,000 barrels of oil equivalent per day in the third quarter and exited the quarter producing 26,000 boe per day from the play.

ConocoPhillips' Bakken production is 88 percent liquids.

With incremental takeaway capacity from new rail facilities allowing the company to add rigs on its more than 620,000 net acres in the region, ConocoPhillips expects the production increases to continue through the fourth quarter and into 2013, Sheets said.

The Eagle Ford continues to lead the ConocoPhillips unconventional portfolio.

ConocoPhillips produced 76,000 barrels of oil equivalent per day from

In the Bakken, ConocoPhillips produced 29,000 barrels of oil equivalent per day in the third quarter and exited the quarter producing 26,000 boe per day from the play.

the south Texas shale play during the third quarter, peaking at 86,000 boe per day. The company anticipates hitting the 100,000 boe per day milestone from the play in the fourth quarter.

ConocoPhillips' Eagle Ford production is 79 percent liquids.

ConocoPhillips said it is currently adding infrastructure in the region to maximize sales and, at its current rate, expects it leasehold to be held by production by mid-2013. The company is currently running 14 rigs on its roughly 230,000 net acres in the Eagle Ford.

In addition to the Bakken and Eagle Ford, ConocoPhillips said it has "significant" exploration under way in other domestic unconventional oil plays, including the Wolfcamp play and Avalon shale of west Texas, the Lewis shale of Wyoming, the Niobrara formation of Colorado and Wyoming, and the Mancos in the San Juan basin.

"We expect to have results for discussing these plays by early next year," Sheets told analysts. "And I should note that these are just a few of the opportunities we're evaluating in our vast Lower 48 land possession. And we continue to identify other potential plays where we can acquire unconventional acreage at low entry prices." ●

Contact Eric Lidji at ericlidji@mac.com

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HALCON EXPANSION

and head of relationship investments said, "Halcon has accumulated a sizeable portfolio of high quality assets across a significant land base. We believe the acquisition announced will further position Halcon for significant growth and we look forward to working with Mr. Wilson and his experienced management team in continuing to build the company in the years ahead."

What this does for Halcon

The Petro-Hunt acreage adds to the approximately 28,000 net acres that Halcon already operates in Williams County, where two rigs are currently operating with a 30 to 35 percent Halcon working interest. Halcon also has a 45 percent working interest in another 13,000 operated net acres in eastern Montana where one rig is operating. In addition, Halcon has 15,477 non-operated net acres that are actively being drilled. In total, Halcon has more than 700 gross operated drilling locations.

"This acquisition will increase our reserves dramatically," Wilson said. "Our strategy to build an attractive northerly

asset base in a few core resource plays and rationalize other assets as production ramps in the key plays is well underway."

On a larger scale, the Petro-Hunt acreage brings to three the number of plays in which Halcon owns over 130,000 net acres, the other two being the Woodbine/Eagle Ford in Texas, and the Utica/Point Pleasant in Ohio and Pennsylvania. "Clearly we're in a development mode going forward. This was an opportunity to create that third leg of the stool for us or with the Woodbine/Eagle Ford and the Utica/Point Pleasant." Wilson went on to say that the acreage totals in all three plays have approached 100 percent of Halcon's target. Going forward, he said, it is more "grassroots," and "we don't have our eyes on any significant transaction at this time."

"We will have grown from an idea to a well staffed oil company producing over 25,000 barrels of oil equivalent per day with the closing of this transaction," Wilson said. "We are appropriately capitalized and are looking forward to years of significant growth in both production and reserves." ●

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WHITING

River "D" zone with a horizontal well in mid-2013.

Ten years of inventory

"We're very encouraged by the continuing results of all of our Williston Basin acreage, and we estimate that we have at least 10 years of future drilling inventory in our Williston Basin plays alone," Whiting's Volker said.

"Outside of the Williston, we are experiencing strong results in our DJ-Niobrara play and are building significant acreage positions in exciting new areas."

In the Redtail prospect of Colorado's Niobrara shale, Whiting recently completed Wildhorse 04-0414H in the "B" zone and the well is flowing at 1,170 boe per day.

Whiting has 77,608 net acres in this play.

Oil and gas gathering plants and infrastructure also are proceeding well, Whiting said.

The inlet gas rate at the Robinson Lake Plant increased 10 percent to 69 million cubic feet per day. The Belfield Gas Plant inlet gas rate reached a record 15 mmcf per day in July. The Belfield Oil Terminal is scheduled to begin service in late November. Volumes on the Belfield oil gathering and pipeline system increased by 50 percent to 7,000 barrels per day in the third quarter. And construction of the Watford City Operations Center is scheduled for completion in early November. The center will handle operations for Hidden Bench, Tarpon, Missouri Breaks, and Starbuck. ●

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New stores will be coming soon to western North Dakota! Construction has already begun on our new Williston and Dickinson facilities, with estimated completion dates late in 2012 or early in 2013. Both will be full service dealerships, offering parts, service and sales. These new stores will add 12 service bays and 25,000 sq. ft. of parts storage and display.



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