

Petroleum

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BAKKEN



page 3 Crestwood Midstream's Williston Basin volumes up 6 to 38 percent

Vol. 3, No. 31 • www.PetroleumNewsBakken.com

Publication of record for the Bakken oil and gas industry

Week of November 16, 2014 • \$2.50

Simultaneous operations



VERN WHITTEN PHOTOGRAPHY

Nabors drills one well while RockPile Energy completes another on a Continental Resources pad in the Crazy Man Creek field on the north shore of Lake Sakakawea in Williams County, North Dakota in late October.

KKR reportedly selling Samson Resources' Williston Basin assets

Reuters reported Nov. 10 that KKR and Co., the private equity parent firm of Bakken operator Samson Resources, is putting Samson's Bakken assets up for sale. Citing unidentified sources "familiar with the matter," Reuters said the divestiture is part of an ongoing downsizing effort in which KKR has been selling Samson's assets due to low energy prices. Reuters said the North Dakota assets are worth less than \$500 million.

Reuters also reported that the Bank of Nova Scotia has been hired by Samson to sell the assets, and that additional assets could be sold to raise more money. However, Reuters also reports that Samson may be looking to acquire properties that provide higher income on the nearer-term.

According to Reuters, when KKR acquired Samson Resources in 2011, the plan was to transition Samson's asset base away from gas production and toward more liquids production, but financing Samson has been hampered by low natural gas prices.

Since it was acquired by KKR in 2011, Samson has sold

see **KKR MOVES** page 18

On again, off again — Daniels Co. tracts pulled from DNRC auction

The 9,994 acres in Daniels County that have been on and off the Montana Department of Natural Resources and Conservation, DNRC, oil and gas lease auction list since June are once again off.

The 28 tracts were first nominated for DNRC's September lease auction and appeared on the preliminary auction list when it was issued in June, but when the final list was released in August, the nominator had pulled the tracts from the list. Then when DNRC issued its preliminary list for the December auction, those tracts had again been nominated only to be pulled when the final list for the Dec. 2 auction was released by the bureau on Nov. 7.

The Minerals Management Bureau which manages oil and gas leases and the quarterly auctions told Petroleum News Bakken that the nominator now wants to defer the Daniels County tracts to DNRC's March 2015 lease auction. DNRC does not disclose the identity of nominators until after lease auctions are held.

Daniels County lies on the outer edge of the Williston Basin in northeast Montana and has been in the lease auction spotlight from time to time over the last five years. In 2009 more than 42,000 acres were leased, and in 2011 the leased acres exceeded 43,000. However, there has been relatively

see **DNRC AUCTION** page 18

COMPANY UPDATE

'Out of sync'

Halcon cutting drill rigs due to high service costs versus low crude prices

By **MIKE ELLERD**

Petroleum News Bakken

While Halcon Resources is poised for 15 to 20 percent pro forma growth in 2015 with a capital expenditure budget of approximately \$750 million, Chief Executive Officer Floyd Wilson says industry service costs are not in sync with crude oil prices, and consequently Halcon is cutting five rigs from its 2015 plans.

"In response to currently low crude prices and currently high service costs, we've decided to not



FLOYD WILSON

employ five rigs we had prior planned to employ next year," Wilson said in a Nov. 11 third quarter conference call with industry analysts. "We'll run six rigs getting started here and see how the year unfolds."

Although well positioned with hedges, Wilson does not like the position Halcon is in with the disparity between oil prices and service costs. "While we are substantially hedged for next year, we are in that uncomfortable space where crude prices have declined dramatically while service costs have

see **HALCON CUTS** page 20

MOVING HYDROCARBONS

Breaking deadlock?

Republicans poised for early legislative XL test, but White House talks restraint

By **GARY PARK**

For Petroleum News Bakken

Keystone XL suddenly shapes up as the first test of whether the Nov. 4 mid-term election results will lead to a new mood of bipartisan cooperation between the Obama administration and the Republican-led Congress.

Now that they have control of both chambers, the Republicans seem eager to break the logjam on dozens of jobs bills that have been stalled in



JOHN HOEVEN



RUSS GIRLING

the Senate, with XL seen as one of the key sources of new employment.

TransCanada has estimated the project could employ 42,000 Americans during the construction phase, invest US\$2 billion in wages across the U.S. and inject US\$3.4 billion into the U.S. economy.

"I think Keystone will be one of the first bills we'll be able to put up in the new Congress,"

see **XL'S FUTURE** page 19

COMPANY UPDATE

Taking a hedge gamble

Continental slows production slightly but banks on crude oil prices rebounding

By **MAXINE HERR**

For Petroleum News Bakken

Continental Resources feels it is "sensible" to adjust some finances until higher oil prices return, but it has taken a bold move in light of pulled-back prices and monetized nearly all of its oil contracts from October through 2016.

By lifting its hedging, Continental netted \$433 million of proceeds in the fourth quarter in a move where the company loses protection against further oil price declines but opens the door to higher profits should prices soar. But Chairman and Chief Executive Officer Harold



HAROLD HAMM

Hamm is confident that the oil price drop will be short-lived and expects prices to strengthen to the mid-\$80s or \$90 in the near future.

Even though it took the profit on its hedges, Continental also cut its capital spending budget for 2015 by 12 percent, slashing \$600 million from its previous estimate of \$5.2 billion, and said production will likely taper to only 23 percent growth next year instead of initial projections of 29 percent.

"An adjustment in capex is called for, as we believe the recent pullback in oil prices will ultimately prove to be beneficial to Continental in

see **HEDGE GAMBLE** page 19