

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF THE APPLICATION OF CONTINENTAL RESOURCES, INC. FOR AN ORDER OF THE BOARD AMENDING BOARD ORDER NOS. 2, 2-78, 6-83, 3-96, 7-83, 8-83, 3-96, 20-97 AND 8-01 SO AS TO AMEND THE FIELD RULES FOR THE BUFFALO FIELD AND ESTABLISH THE FOLLOWING 1280-ACRE SPACING UNITS: SECTIONS 2 AND 11, SECTIONS 4 AND 9, AND SECTIONS 5 AND 8, TOWNSHIP 21 NORTH, RANGE 3 EAST, THE FOLLOWING 480-ACRE SPACING UNIT: N/2 AND SE/4 OF SECTION 15, TOWNSHIP 21 NORTH, RANGE 3 EAST, THE FOLLOWING 960-ACRE SPACING UNIT: ALL OF SECTION 13 AND THE E/2 OF SECTION 24, TOWNSHIP 22 NORTH, RANGE 3 EAST, THE FOLLOWING 1280-ACRE SPACING UNITS: SECTIONS 26 AND 35, SECTIONS 27 AND 34, AND SECTIONS 28 AND 33, TOWNSHIP 22 NORTH, RANGE 3 EAST, AND THE FOLLOWING 320-ACRE SPACING UNIT: W/2 OF SECTION 36, TOWNSHIP 22 NORTH, RANGE 3 EAST, BUFFALO FIELD, HARDING COUNTY, SOUTH DAKOTA; AND ALLOW THE DRILLING OF ONE HORIZONTAL WELL TO THE RED RIVER "B" POOL ON EACH SPACING UNIT NOT LESS THAN 500 FEET TO THE SPACING UNIT BOUNDARY AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

OIL AND GAS
CASE NO. 34-2013

ORDER

SECRETARY'S ORDER UNDER SDCL 45-9-74

A Petition and Application of Continental Resources, Inc. ("Continental") to amend Order Nos. 2, 2-78, 6-83, 7-83, 8-83, 3-96, 20-97 and 8-01 so as to amend the field rules for the Buffalo Field, as captioned above, was submitted to the South Dakota Board of Minerals and Environment ("Board") on September 4, 2013. The Board prepared and published a Notice of Opportunity for Hearing. No petition requesting a hearing was received. Therefore, pursuant to

South Dakota Codified Laws (SDCL) 45-9-74 and based upon Continental's application and supporting documents, the Secretary makes and enters the following Order:

By Board Order Nos. 2, 2-78, 20-97, 2-10 and 6-13 the Buffalo Field is comprised of the following described lands, Harding County, South Dakota:

Township 23 North, Range 4 East
Sections 35 (SE/4) and 36 (SW/4)

Township 22 North, Range 3 East
Sections 13, 24, 25, 26, 33, 34, 35 and 36

Township 22 North, Range 4 East
Sections 1 (W/2), 2 (E/2 and (SW/4), 3 (E/2 and SW/4), 5, 7, 8, 9, 10, 11 (W/2), 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33 and 34

Township 21 North, Range 3 East
Sections 1, 2, 3, 4, 9, 10, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35 and 36

Township 21 North, Range 4 East
Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36

Township 21 North, Range 5 East
Sections 6, 7, 17, 18, 19 and 20

Township 20 North, Range 3 East
Sections 1, 12 and 13 (NE/4)

Township 20 North, Range 4 East
Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35 and 36

Township 20 North, Range 5 East
Sections 6, 7, 18, 19, 30 and 31

Continental is the owner of an interest in the oil and gas leasehold estate in portions of the following described lands, Harding County, South Dakota:

Township 21 North, Range 3 East
Section 2: All
Section 4: All
Section 5: All
Section 8: All
Section 9: All

Section 11: All
Section 15: N/2 and SE/4
Township 22 North, Range 3 East
Section 13: All
Section 24: E/2
Section 26: All
Section 27: All
Section 28: All
Section 33: All
Section 34: All
Section 35: All
Section 36: W/2

Section 2, Township 21 North, Range 3 East, is currently spaced as a 320-acre spacing unit under Board Order No. 2-78, and Section 11, Township 21 North, Range 3 East, is currently spaced as a 640-acre spacing unit under Board Order No. 8-01.

Sections 4 and 9, Township 21 North, Range 3 East, are currently spaced as 640-acre spacing units, pursuant to Board Order No. 3-96.

Section 5, Township 21 North, Range 3 East, is currently spaced as a 640-acre spacing unit, pursuant to Board Order No. 3-96.

Sections 5 and 8, Township 21 North, Range 3 East, are currently not located in a field.

Section 15, Township 21 North, Range 3 East, is currently spaced as a 320-acre spacing unit pursuant to Board Order No. 8-83.

Section 13, Township 22 North, Range 3 East, is currently spaced as a 640-acre spacing unit pursuant to Board Order No. 20-97 and the E/2 of Section 24, Township 22 North, Range 3 East, is currently spaced as a 320-acre spacing unit pursuant to Board Order No. 7-83.

Sections 26 and 35, Township 22 North, Range 3 East, are currently spaced as 320-acre spacing units pursuant to Board Order No. 2-78.

Sections 27 and 28, Township 22 North, Range 3 East, are currently spaced as 320-acre spacing units in the Table Mountain Field pursuant to Board Order No. 6-83.

Sections 33 and 34, Township 22 North, Range 3 East, are currently spaced as 320-acre

spacing units pursuant to Board Order No. 7-83.

The W/2 of Section 36, Township 22 North, Range 3 East, is currently spaced as a 160-acre spacing unit pursuant to Board Order No. 3-76.

It is the opinion of Continental that use of the horizontal drilling technique is reasonably necessary to have a certain amount of flexibility with respect to well locations that the current orders and rules of the Board fail to provide, and that use of the horizontal drilling technique to test and further develop the "B" zone of the Red River Formation will increase the ultimate recovery of the reservoir in a manner which will prevent waste, protect correlative rights and prevent the drilling of unnecessary wells.

Continental requested an order of the Board amending Board Order Nos. 2, 3-76, 2-78, 6-83, 7-83, 8-83, 3-96, 20-97 and 8-01 to amend the field rules for the Buffalo Field and establish the following 1280-acre spacing units: Sections 2 and 11, Sections 4 and 9, and Sections 5 and 8, Township 21 North, Range 3 East, the following 480-acre spacing unit: N/2 and SE/4 of Section 15, Township 21 North, Range 3 East, the following 960-acre spacing unit: all of Section 13 and the E/2 of Section 24, Township 22 North, Range 3 East, the following 1280-acre spacing units: Sections 26 and 35, Sections 27 and 34, and Sections 28 and 33, Township 22 North, Range 3 East, and the following 320-acre spacing unit: W/2 of Section 36, Township 22 North, Range 3 East, Buffalo Field, Harding County, South Dakota; and allow the drilling of one horizontal well to the Red River "B" pool on each spacing unit not less than 500 feet to the spacing unit boundary and for other relief as the Board deems appropriate.

IT IS THEREFORE ORDERED

A. That Order Nos. 2, 3-76, 2-78, 6-83, 7-83, 8-83, 3-96, 20-97 and 8-01, and any other field orders or spacing rules are hereby amended; that Sections 2 and 11, Sections 4 and 9, and Sections 5 and 8, Township 21 North, Range 3 East, be established as 1280-acre spacing units; that the N/2 and SE/4 of Section 15, Township 21 North, Range 3 East, be established as a 480-

acre spacing unit; that all of Section 13 and the E/2 of Section 24, Township 22 North, Range 3 East, be established as a 960-acre spacing unit; that Sections 26 and 35, Sections 27 and 34, and Sections 28 and 33, Township 22 North, Range 3 East, be established as 1280-acre spacing units; and that the W/2 of Section 36, Township 22 North, Range 3 East, be established as a 320-acre spacing unit, Buffalo Field, Harding County, South Dakota, and allow the drilling of one horizontal well to the Red River "B" pool on each spacing unit not less than 500 feet to the spacing unit boundary.

B. That Board Order Nos. 2, 6-83, 13-97 and 20-97 and any applicable orders or rules of the Board be amended so as to include Sections 27 and 28, Township 22 North, Range 3 East, within the Buffalo Field;

C. That the boundaries of the Buffalo Field be expanded to encompass Sections 5 and 8, Township 21, North, Range 3 East.

D. That the department is authorized to issue drilling permits for the horizontal wells requested upon receipt of appropriate applications as provided by the rules and regulations of the Board; and

E. That all portions of previous orders of the Board, if any, which are not specifically amended by this Order remain in full force and effect until further order of the Board or Secretary.

Dated and signed this 21st day of October 2013.



Steven M. Pirner
Secretary
Department of Environment and Natural Resources