

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

CASE NO. 1-2014

IN THE MATTER OF THE PETITION OF CONTINENTAL RESOURCES, INC. FOR AN ORDER OF THE BOARD AUTHORIZING THE RECOVERY OF RISK COMPENSATION FROM CERTAIN NON-PARTICIPATING OWNERS, FOR THE DRILLING AND OPERATING OF THE DUKE 41-15H WELL LOCATED IN A SPACING UNIT DESCRIBED AS SECTIONS 15 AND 22, TOWNSHIP 22 NORTH, RANGE 3 EAST, TABLE MOUNTAIN FIELD, HARDING COUNTY, SOUTH DAKOTA, PURSUANT TO ARSD CHAPTER 74:12:10, AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

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DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

PETITION OF CONTINENTAL RESOURCES, INC.

Continental Resources, Inc. ("Continental") and for its Petition, states and alleges as follows:

1.

That Continental is an owner of an interest in the oil and gas leasehold estate in Sections 15 and 22, Township 22 North, Range 3 East, Harding County, South Dakota ("Sections 15 and 22").

2.

Order No. 4-2013 established Sections 15 and 22 as an overlapping 1280-acre spacing unit in the Table Mountain Field, and authorized the issuance of a permit for the drilling of a horizontal well within the spacing unit.

3.

That Sections 15 and 22 constitute the spacing unit for the Duke 41-15H well, a/k/a the Duke Federal 41-15H well, in the Table Mountain Field.

4.

The Department of Environment and Natural Resources issued a permit to drill the Duke 41-15H well as a horizontal well on July 31, 2013. Drilling of the Duke 41-15H well commenced on December 11, 2013.

5.

Order No. 21-13, dated August 19, 2013, pooled all interests in the spacing unit for the Table Mountain Field described as Sections 15 and 22, designated Continental as the operator of the Duke 41-15H well, and recognized Continental's right to submit further application to the Board requesting recovery of risk compensation from any non-participating owners as provided for by SDCL Ch. 45-9 and ARSD Ch. 74:12:10.

6.

The Duke 41-15H has not been completed.

7.

That ARSD 74:12:10:01 provides for the recovery of risk compensation from any owner who elects not to participate in the risk and cost of drilling and operating a well in an established spacing unit.

8.

That ARSD 74:12:10:02 provides if the nonparticipating owner's interest in the spacing unit is derived from a lease or other contract for development, the risk compensation is two-hundred percent of the nonparticipating owner's share of the reasonable actual costs of drilling,

reworking, side-tracking, deepening, plugging back, testing, completing and recompleting the well and the costs of newly acquired equipment in the well including the wellhead connection.

9.

That ARSD 74:12:10:03 provides if the nonparticipating owner's interest in the spacing unit is not subject to a lease or other contract for development, the risk compensation is one-hundred percent of the nonparticipating owner's share of the reasonable actual costs of drilling, reworking, side-tracking, deepening, plugging back, testing, completing and recompleting the well and the costs of newly acquired equipment in the well including the wellhead connection.

10.

That a well proposal for the Duke 41-15H well was forwarded to Pat Taylor and he failed to respond to said well proposal.

11.

That the interests of the above-referenced owner are leasehold.

12.

That the Duke 41-15H well was spud on or about December 11, 2013.

13.

That Continental therefore requests that the Board enter an order authorizing the recovery of risk compensation from the non-participating owners described above, as provided by ARSD Chapter 74:12:10, for the drilling and operating of the Duke 41-15H well located in a spacing unit described as Sections 15 and 22, Township 22 North, Range 3 East, Harding County, South Dakota, and such other and further relief as is appropriate.

WHEREFORE, Continental respectfully requests that notice of this matter be provided as required by South Dakota laws and that thereafter the Board of Minerals and Environment enter an order granting the relief requested herein.

DATED this 22nd day of January, 2014.

FREDRIKSON & BYRON, P.A.



By _____
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INC.***