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DEPT OF ENVIRONMENT & NATURAL  
RESOURCES - RAPID CITY

STATE OF SOUTH DAKOTA

DEPARTMENT OF ENVIRONMENTAL AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

CASE NO. 15-2012

IN THE MATTER OF THE APPLICATION OF CONTINENTAL RESOURCES, INC. FOR AN ORDER OF THE BOARD AMENDING BOARD ORDER NO. 1-83 PROVIDING FOR UNIT OPERATIONS OF THE SOUTH BUFFALO RED RIVER UNIT AND BOARD ORDER NO. 3-87 PROVIDING FOR UNIT OPERATIONS OF THE WEST BUFFALO RED RIVER UNIT AND ANY OTHER ORDERS APPLICABLE TO THE SBRRU AND THE WBRRU SO AS TO AUTHORIZE THE DRILLING OF A HORIZONTAL WELL TO BE LOCATED ACROSS UNIT BOUNDARIES IN SECTIONS 31 AND 32, TOWNSHIP 21 NORTH, RANGE 4 EAST, AND SECTIONS 5 AND 6, TOWNSHIP 20 NORTH, RANGE 4 EAST, HARDING COUNTY, SOUTH DAKOTA; AUTHORIZING THE COMMINGLING OF PRODUCTION IN THE WELLBORE; AND SUCH FURTHER AND ADDITIONAL RELIEF AS THE BOARD DEEMS APPROPRIATE.

PETITION AND APPLICATION OF  
CONTINENTAL RESOURCES, INC.

COMES NOW THE PETITIONER, Continental Resources, Inc. ("Continental") and for its petition and application states and alleges as follows:

1.

That Continental is the owner of an interest in the oil and gas leasehold estate in the South Buffalo Red River Unit ("SBRRU"), Harding County, South Dakota.

2.

That Continental is the current unit operator of the SBRRU, Harding County, South Dakota.

3.

That the SBRRU was established by virtue of Board Order 1-83 dated March 17, 1983.

4.

That the unit area of the SBRRU includes the following described lands:

Township 20 North, Range 4 East      Township 21 North, Range 4 East

Section 1: All	Section 23: S½
Section 2: All	Section 25: W½
Section 3: All	Section 26: All
Section 4: All	Section 27: All
Section 5: All	Section 28: All
Section 8: All	Section 29: All
Section 9: All	Section 30: All
Section 10: All	Section 32: All
Section 11: All	Section 33: All
Section 12: All	Section 34: All
Section 13: All	Section 35: All
Section 14: All	Section 36: All
Section 15: All	
Section 16: All	
Section 17: All	
Section 20: All	
Section 21: All	
Section 22: All	
Section 23: All	
Section 24: All	

Township 20 North, Range 5 East

Section 6: W½  
Section 7: W½  
Section 18: W½

5.

That by virtue of Board Order No. 1-83, spacing for the SBRRU area has been established at two wells per 160 acres with wells to be located not less than 660 feet from the exterior boundary of the SBRRU area nor closer than 1000 feet to a well drilling to or capable of producing from the Buffalo Field, Red River Pool. Spacing for SBRRU was amended under Board Order No. 5-97 so as to authorize the drilling of horizontal wells in the unitized formation to be located anywhere within the boundaries of the SBRRU not less than 660 feet from the exterior boundary of the SBRRU.

6.

Continental is also the owner of an interest in and oil and gas leasehold estate in the West Buffalo Red River Unit (“WBRRU”), Harding County, South Dakota.

7.

That Continental is the current unit operator of the WBRRU, Harding County, South Dakota.

8.

That the WBRRU was established by virtue of Board Order 3-87, dated June 16, 1987.

9.

That the unit area of the WBRRU includes the following described lands:

Township 21 North, Range 3 East

Section 23: All  
Section 24: W½  
Section 25: All  
Section 26: E½  
Section 35: E½  
Section 36: All

Township 20 North, Range 3 East

Section 1: NE¼

Township 21 North, Range 4 East

Section 31: All

Township 20 North, Range 4 East

Section 6: All  
Section 7: W½

10.

That by virtue of Board Order No. 3-87, spacing for the WBRRU area has been established at two wells per 160 acres with wells to be located not less than 660 feet from the exterior boundary of the WBRRU area nor closer than 1000 feet to a well drilling to or capable of producing from the Buffalo Field, Red River Pool. Spacing for WBRRU was amended by Board Order No. 4-97: Oil and Gas Spacing Orders for the WBRRU are amended so as to authorize the drilling of horizontal wells in the unitized formation to be located anywhere within the boundaries of the WBRRU not less than 660 feet from the exterior boundary of the WBRRU.

11.

That Continental desires to utilize the horizontal drilling technique to test and further develop the Buffalo Field, Red River Pool, within both the SBRRU and WBRRU areas.

12.

That in utilizing the horizontal drilling technique, it is reasonably necessary to have a certain amount of flexibility with respect to well locations and spacing that the current statewide rules and the Board's orders fail to provide.

13.

That Continental hereby requests amending Board Order Nos. 1-83 and 5-97, and Board Order Nos. 3-87 and 4-97, and all other orders of the Board applicable to the SBRRU and WBRRU so as to authorize the drilling of a horizontal well to be located across unit boundaries within Sections 31 and 32, Township 21 North, Range 4 East, and Sections 5 and 6, Township 20 North, Range 4 East, Harding County, South Dakota, and authorizing the commingling of production in the wellbore.

14.

That it is the opinion of Continental that use of the horizontal drilling technique to test and develop the Buffalo Field, Red River Pool, in and under the SBRRU and WBRRU areas in Sections 5 and 6 of Township 20 North, Range 4 East and Sections 31 and 32 of Township 21 North, Range 4 East 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.

15.

That the legal authority and jurisdiction under which a hearing would be held and the particular statutes and rules involved are S.D.C.L. Ch. 1-26, S.D.C.L. Ch. 45-9 and A.R.S.D. § 74:09:01:01.

**WHEREFORE**, Continental respectfully requests that this matter be set for hearing and that thereafter the Board of Minerals and Environment grant the following:

- a. That Board Order Nos. 1-83 and 5-97, and Board Order Nos. 3-87 and 4-97 be amended so as to authorize the drilling of a horizontal well across unit boundaries within Sections 31 and 32, Township 21 North, Range 4 East, and Sections 5 and 6, Township 20 North, Range 4 East, SBRRU and WBRRU, Harding County, South Dakota.
- b. Upon complying with the permitting, recording and other regulatory requirements, Continental is entitled to the issuance of a drilling permit for the drilling of a horizontal well as set forth above; and

- c. That Continental be granted such further and additional relief as the Board deems appropriate.

**DATED** this 28th day of September, 2012.

Fredrikson & Byron, P.A.

By 

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