

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. 6-83, 12-08, 13-08 AND 5-10 SO AS TO AMEND THE FIELD RULES FOR THE TABLE MOUNTAIN FIELD AND ESTABLISH THE FOLLOWING OVERLAPPING 1280-ACRE SPACING UNIT: SECTIONS 1 AND 12, TOWNSHIP 22 NORTH, RANGE 3 EAST, AND THE FOLLOWING 1280-ACRE SPACING UNITS: SECTIONS 17 AND 20, SECTIONS 18 AND 19, SECTIONS 29 AND 32, AND SECTIONS 30 AND 31, TOWNSHIP 22 NORTH, RANGE 3 EAST, TABLE MOUNTAIN 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. 33-2013

ORDER

SECRETARY'S ORDER UNDER SDCL 45-9-74

A Petition and Application of Continental Resources, Inc. ("Continental") to amend Order Nos. 6-83, 12-08, 13-08 and 5-10 so as to amend the field rules for the Table Mountain 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. A petition to intervene was submitted by Robert Hellerud on October 2, 2013. However, Continental submitted a Notice of Dismissal pertaining only to the requested spacing unit comprised of Sections 30 and 31, Township 22 North, Range 3 East, which is the proposed 1280-acre spacing unit subject to Mr. Hellerud's intervention. Mr. Hellerud agreed to Continental's request to dismiss the contested portion of the captioned matter on October 9, 2013. 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. 6-83, 12-08, 13-08 and 5-10, the Table Mountain Field is comprised of the following described lands, Harding County, South Dakota:

Township 23 North, Range 3 East

Section 25: All
Section 26: All
Section 35: All
Section 36: All

Township 23 North, Range 4 East

Section 30: NW/4

Township 22 North, Range 2 East

Section 24: E/2

Township 22 North, Range 3 East

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 27: All
Section 28: All
Section 29: All
Section 30: All

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 22 North, Range 3 East

Section 1: All
Section 12: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All

The proposed overlapping spacing unit comprised of Sections 1 and 12, Township 22 North, Range 3 East, overlaps existing 320-acre spacing units established under Board Order No. 6-83.

The Koch 34-1 Hansen State well, located on the SW/4SE/4 of Section 1, Township 22 North, Range 3 East, is a vertical well that has produced since 1983 in said 320-acre spacing unit comprised of the S/2 of Section 1, as established in Board Order No. 6-83.

Sections 1 and 12, Township 22 North, Range 3 East, are currently spaced as 640-acre spacing units under Board Order No. 13-97.

Section 17 is currently spaced as part of a 1280-acre spacing unit comprised of all of Sections 16 and 17, Township 22 North, Range 3 East, pursuant to Board Order No. 14-08.

Section 19 is currently spaced as part of a 1280-acre spacing unit comprised of the E/2 of Section 24, Township 22 North, Range 2 East, and all of Section 19, and the W/2 of Section 20, Township 22 North, Range 3 East, pursuant to Board Order No. 12-08.

Sections 29 and 30, Township 22 North, Range 3 East, are currently spaced as a 1280-acre spacing unit pursuant to Board Order No. 13-08.

Section 32, Township 22 North, Range 3 East, is currently spaced as a 640-acre spacing unit pursuant to Board Order No. 3-96.

Sections 18, 31 and 32, Township 22 North, Range 3 East, are currently not located in a field.

Continental requested an order of the Board amending Board Order Nos. 6-83, 7-95, 12-08, 13-08 and 5-10 to amend the field rules for the Table Mountain Field and establish the following overlapping 1280-acre spacing unit: Sections 1 and 12, Township 22 North, Range 3 East, and the following 1280-acre spacing units: Sections 17 and 20, Sections 18 and 19, Sections 29 and 32, and Sections 30 and 31, Township 22 North, Range 3 East, Table Mountain 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.

On October 1, 2013, Robert Hellerud objected to Case No. 33-13 with regard to Sections 30 and 31, Township 22 North, Range 3 East, Table Mountain Field, Harding County, South Dakota.

On October 7, 2013, Continental requested the portion of Case No. 33-13 pertaining to Sections 30 and 31, Township 22 North, Range 3 East, Table Mountain Field, Harding County, South Dakota, only, be continued to the regularly scheduled January 2014 meeting of the Board of Minerals and Environment.

On October 8, 2013, Continental requested the portion of Case No. 33-13 pertaining to Sections 30 and 31, Township 22 North, Range 3 East, Table Mountain Field, Harding County, South Dakota, only, be dismissed without prejudice.

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.

IT IS THEREFORE ORDERED

A. That Order Nos. 6-83, 3-96, 13-97, 12-08, 13-08 and 14-08, and any other field orders or spacing rules are hereby amended; that Sections 1 and 12, Township 22 North, Range 3 East, be established as an overlapping 1280-acre spacing unit; and that Sections 17 and 20, Sections 18 and 19, and Sections 29 and 32, Township 22 North, Range 3 East, be established as 1280-acre spacing units, Table Mountain 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. The portion of Case No. 33-13 pertaining to Sections 30 and 31, Township 22 North, Range 3 East, Table Mountain Field, Harding County, South Dakota, be dismissed without prejudice.

C. 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

D. 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