

November 12, 2013

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**DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY**

VIA EMAIL AND U.S. MAIL

Ms. Jenny Hegg
Department of Environment and
Natural Resources
2050 West Main, Suite #1
Rapid City, SD 57701

**RE: CASE NO. 54-2013: IN THE MATTER OF
THE APPLICATION OF ZENERGY OPERATING
COMPANY, LLC FOR AN ORDER OF THE
BOARD AMENDING ANY APPLICABLE
ORDERS FOR THE BORDER FIELD TO POOL
ALL INTERESTS IN A 1280-ACRE SPACING
UNIT DESCRIBED AS ALL OF SECTIONS 5
AND 8, TOWNSHIP 22 NORTH, RANGE 3 EAST,
HARDING COUNTY, SOUTH DAKOTA; AND
FOR OTHER RELIEF AS THE BOARD DEEMS
APPROPRIATE.**

Dear Ms. Hegg:

Please find enclosed herewith for filing a PETITION AND APPLICATION OF ZENERGY OPERATING COMPANY, LLC for consideration.

Thank you for your attention to this matter. Should have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg
Enclosure

cc: Mr. Michael Lees (via email w/enc.)
Mr. Clayton Daily (via email w/enc.)

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DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

STATE OF SOUTH DAKOTA

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

CASE NO. 54-2013

IN THE MATTER OF THE APPLICATION OF
ZENERGY OPERATING COMPANY, LLC FOR
AN ORDER OF THE BOARD AMENDING ANY
APPLICABLE ORDERS FOR THE BORDER
FIELD TO POOL ALL INTERESTS IN A 1280-
ACRE SPACING UNIT DESCRIBED AS ALL
OF SECTIONS 5 AND 8, TOWNSHIP 22
NORTH, RANGE 3 EAST, HARDING COUNTY,
SOUTH DAKOTA; AND FOR OTHER RELIEF
AS THE BOARD DEEMS APPROPRIATE.

PETITION AND APPLICATION
OF CONTINENTAL RESOURCES, INC.

Zenergy Operating Company, LLC (“ZOC”) and for its petition and application to the Department of Environment and Natural Resources, Board of Minerals and Environment (the “Board”), states and alleges as follows:

1.

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

Township 22 North, Range 3 East

Section 5: All

Section 8: All

(the “Subject Lands”)

2.

That by petition filed by ZOC requesting to establish Sections 5 and 8 as a 1280-acre spacing unit, it is anticipated that an order will be issued by the Board establishing said spacing unit in the Border Field.

3.

That ZOC hereby requests the Board authorize ZOC to drill, equip and operate the Lyle Federal 5B-6H well as a horizontal well in the "B" Zone of the Red River pool in the Border Field within the Subject Lands.

4.

That there are both separately owned tracts and separately owned interests in the spacing unit comprised of the Subject Lands.

5.

That a voluntary pooling of the Subject Lands has not been accomplished.

6.

That Section 45-9-31 of the South Dakota Codified Laws provides as follows:

45-9-31. Order pooling all interests in spacing unit--Application by interested person--Notice and hearing--Terms and conditions. In the absence of voluntary pooling, the Board of Minerals and Environment or the secretary, as applicable, upon the application of any interested person, shall enter an order pooling all interests in the spacing unit for the development and operation of the spacing unit, and for the sharing of production from the spacing unit. Each such pooling order shall be made after notice and opportunity for hearing, and shall be upon terms and conditions that are just and reasonable, and that afford to the owner of each tract or interest in the spacing unit the opportunity to recover or receive without unnecessary expense, his or her just and equitable share.

7.

That Section 45-9-32 of the South Dakota Codified Laws provides as follows:

45-9-32. Order of Board of Minerals and Environment pooling all interests in spacing unit--Operation of well--Rights of owners to participate--Payment of expenses. Each such pooling order shall authorize the drilling, equipping, and operation of a well on the spacing unit; shall provide who may drill and operate the well; shall prescribe the time and manner in which all the owners in the spacing unit may elect to participate therein; and shall make provision for payment by all those who elect to participate therein of the reasonable actual cost thereof, plus a reasonable charge for supervision and interest.

8.

ZOC respectfully requests that the Board enter an order to pool all interests in a 1280-acre spacing unit for the Border Field described as the Subject Lands.

9.

In ZOC's opinion, pooling the Subject Lands will increase the ultimate recovery of the pool, prevent waste, prevent the drilling of unnecessary wells and protect correlative rights.

WHEREFORE, ZOC 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 its order granting the relief requested herein.

DATED this 11th day of November, 2013.

FREDRIKSON & BYRON, P.A.



By _____

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***ATTORNEYS FOR APPLICANT AND
PETITIONER, ZENERGY OPERATING
COMPANY, LLC***