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DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

Fredrikson
& BYRON, P.A.

November 25, 2013

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. 60-2013
CONTINENTAL RESOURCES, INC.**

Dear Ms. Hegg:

Please find enclosed herewith for filing a PETITION OF CONTINENTAL RESOURCES, INC. for consideration.

Should you have any questions, please advise.

Sincerely,



LAWRENCE BENDER

LB/mpg
Enclosure

cc: Mr. Michael Lees (via email w/enc.)
Ms. Christi Wood (via email w/enc.)

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

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

CASE NO. 60-2013

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 CONRAD 24-11H WELL LOCATED IN A SPACING UNIT DESCRIBED AS SECTIONS 2 AND 11, 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.

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 2 and 11, Township 22 North, Range 3 East, Harding County, South Dakota ("Sections 2 and 11").

2.

Order No. 4-2013, dated March 19, 2013, established Sections 2 and 11 as a 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 2 and 11 constitute the spacing unit for the Conrad 24-11H well in the Table Mountain Field.

4.

The Department of Environment and Natural Resources issued a permit to drill the Conrad 24-11H well as a horizontal well on June 14, 2013. Drilling of the Conrad 24-11H well commenced on July 10, 2013.

5.

Order No. 27-2013, dated August 26, 2013, pooled all interests in the spacing unit for the Table Mountain Field described as Sections 2 and 11, designated Continental as the operator of the Conrad 24-11H 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 Conrad 24-11H well was completed on or about August 29, 2013.

7.

That ARSD Chapter 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 Chapter 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 Chapter 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 the following owners have elected not to participate in the drilling and operating of the Conrad 24-11H well:

- (a) Claudia Heide;
- (b) Gary V. Smith;
- (c) Steve D. Smith;
- (d) Marsha Lehmann; and
- (e) Lyle W. Fischer.

11.

That the interests of the above-referenced owners are unleased.

12.

That Continental made a good faith attempt to have the above-referenced owners execute an oil and gas lease but was unsuccessful.

13.

That the following owners have elected not to participate in the drilling and operating of the Conrad 24-11H well:

- (a) Prima Exploration, Inc.;
- (b) Captiva Resources, Inc.;
- (c) Vegas Production Co.;
- (d) Gunlikson Petroleum, Inc.; and
- (e) Marshall Resources, LLC.

14.

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

15.

That a well proposal was forwarded to the above-referenced unleased and leasehold owners and said owners failed or refused to respond to the same, or elected not to participate.

16.

That the Conrad 24-11H well was spud on or about July 10, 2013.

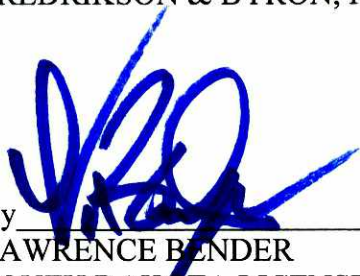
17.

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 Conrad 24-11H well located in a spacing unit described as Sections 2 and 11, 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 25th day of November, 2013.

FREDRIKSON & BYRON, P.A.

By 

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***ATTORNEYS FOR APPLICANT AND
PETITIONER, CONTINENTAL RESOURCES,
INC.***

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