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DEPT OF ENVIRONMENT & NATURAL  
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**Fredrikson**  
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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. 62-2013  
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. 62-2013

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 ALDRIN 24-25H WELL LOCATED IN A SPACING UNIT DESCRIBED AS THE W/2 OF SECTION 24 AND THE W/2 OF SECTION 25, TOWNSHIP 22 NORTH, RANGE 3 EAST, BUFFALO 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 the West Half (W/2) of Section 24 and the West Half (W/2) of Section 25, Township 22 North, Range 3 East, Harding County, South Dakota ("the West Half (W/2) of Section 24 and the West Half (W/2) of Section 25").

2.

Order No. 3-2013, dated March 19, 2013, established the West Half (W/2) of Section 24 and the West Half (W/2) of Section 25 as a 640-acre spacing unit in the Buffalo Field, and authorized the issuance of a permit for the drilling of a horizontal well within the spacing unit.

3.

That the West Half (W/2) of Section 24 and the West Half (W/2) of Section 25 constitute the spacing unit for the Aldrin 24-25H well in the Buffalo Field.

4.

The Department of Environment and Natural Resources issued a permit to drill the Aldrin 24-25H well as a horizontal well on June 20, 2013. Drilling of the Aldrin 24-25H well commenced on September 3, 2013.

5.

Order No. 30-2013, dated September 16, 2013, pooled all interests in the spacing unit for the Buffalo Field described as the West Half (W/2) of Section 24 and the West Half (W/2) of Section 25, designated Continental as the operator of the Aldrin 24-25H 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.

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.

7.

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.

8.

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.

9.

That the following owners have elected not to participate in the drilling and operating of the Aldrin 24-25H well:

- (a) Prima Exploration, Inc.;
- (b) Captiva Resources, Inc.; and
- (c) Marshall Resources, LLC.

10.

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

11.

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

12.

That the Aldrin 24-25H well was spud on or about September 3, 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 Aldrin 24-25H well located in a spacing unit described as the West Half (W/2) of Section 24 and the West Half (W/2) of Section 25, 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 25<sup>th</sup> day of November, 2013.

FREDRIKSON & BYRON, P.A. #



By \_\_\_\_\_  
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***ATTORNEYS FOR APPLICANT AND  
PETITIONER, CONTINENTAL RESOURCES,  
INC.***