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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. 1-2012

IN THE MATTER OF THE APPLICATION OF CONTINENTAL RESOURCES, INC. FOR AN ORDER OF THE BOARD AMENDING BOARD ORDER NOS. 1-83 AND 5-97 PROVIDING FOR UNIT OPERATIONS OF THE SOUTH BUFFALO RED RIVER UNIT AND BOARD ORDER NOS. 3-87 AND 4-97 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 32 AND 31, TOWNSHIP 21 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

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: All
Section 8: All
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: 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 21 North, Range 4 East

Section 23: S½
Section 25: W½
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 32: All
Section 33: All
Section 34: All
Section 35: All
Section 36: 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: Oil and Gas Spacing Orders for the SBRRU are amended 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	Township 20 North, Range 3 East
Section 23: All	Section 1: NE¼
Section 24: W½	
Section 25: All	
Section 26: E½	
Section 35: E½	
Section 36: All	

Township 21 North, Range 4 East	Township 20 North, Range 4 East
Section 31: All	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, 3-87, 4-97, and 5-97 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 32 and 31, Township 21 North, Range 4 East, Harding County, South Dakota, and authorizing the commingling of production in the

wellbore. Such production shall be allocated between the owners in the SBRRU and WBRRU based upon the percentage of total horizontal wellbore length exposed to the unitized formation located within the boundary of each unit.

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 32 and 31 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 and A.R.S.D. § 74:10:03:21.

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, 3-87, 4-97 and 5-97 be amended so as to authorize the drilling of a horizontal well across unit boundaries within Sections 32 and 31, Township 21 North, Range 4 East, SBRRU, Harding County, South Dakota.

b. That directional drilling permits for the horizontal well proposed herein be issued to Continental; and

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

DATED this 31st day of January, 2012.

Fredrikson & Byron, P.A.

By_____

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