

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. 2, 2-78, 7-83, 13-97 AND 8-01 TO AMEND THE FIELD RULES FOR THE BUFFALO FIELD SO AS TO ESTABLISH A 1280-ACRE SPACING UNIT COMPRISED OF SECTIONS 3 AND 10, TOWNSHIP 21 NORTH, RANGE 3 EAST, AND TO ESTABLISH A 640-ACRE SPACING UNIT COMPRISED OF 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; 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. 3-2013

ORDER

SECRETARY'S ORDER UNDER SDCL 45-9-74

A Petition and Application of Continental Resources, Inc. ("Continental") was submitted to the South Dakota Board of Minerals and Environment ("Board") on January 24, 2013. The Board prepared and published a Notice of Opportunity for Hearing. The Board received no notice of intervention to said application. Therefore, pursuant to SDCL 45-9-74, SDCL 45-9-20 through -29, ARSD 74:12:02:06, and based upon Continental's application and supporting documents, the Secretary makes and enters the following Order:

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 21 North, Range 3 East

Section 3: All

Section 10: All

Township 22 North, Range 3 East

Section 24: W/2

Section 25: W/2

(the "Subject Lands")

That by Board Order Nos. 2, 2-78, 7-83, 13-97, 20-97, 8-01 and 2-10, the Buffalo Field is comprised of the following described lands, Harding County, South Dakota:

Township 22 North, Range 3 East

Sections 13, 24, 25, 26, 33, 34, 35 and 36

Township 22 North, Range 4 East

Sections SW $\frac{1}{4}$ of Section 2, 3, 5, 7, 8, 9, 10, W/2 of Section 11, 16, 17, 18, 19, 20, 21, 28, 29, 30, 31, 32, 33 and 34

Township 21 North, Range 3 East

Sections 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35 and 36

Township 21 North, Range 4 East

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36

Township 21 North, Range 5 East

Sections 6, 7, 17, 18, 19 and 20

Township 20 North, Range 3 East

Sections 1, 12 and the NE $\frac{1}{4}$ of Section 13

Township 20 North, Range 4 East

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35 and 36

Township 20 North, Range 5 East

Sections 6, 7, 18, 19, 30 and 31

That Continental desires to utilize the horizontal drilling technique to test and further develop the "B" zone of the Red River Formation, in and under the Subject Lands.

Continental has requested that the Board amend its prior orders, including without limitation of Board Order Nos. 2, 2-78, 7-83, 13-97 and 8-01 to amend the field rules for the Buffalo Field so as to establish a 1280-acre spacing unit comprised of Sections 3 and 10, Township 21 North, Range 3 East, and to establish a 640-acre spacing unit comprised of 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; 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.

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 the Board amend the field rules for the Buffalo Field so as to establish a 1280-acre spacing unit comprised of Sections 3 and 10, Township 21 North, Range 3 East, and to establish a 640-acre spacing unit comprised of 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, 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. This Order amends prior orders of the Board concerning the above described land, including without limitation Order Nos. 2, 2-78, 7-83, 13-97 and 8-01.

C. 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.

D. That upon filing all required further information and forms with the Department of Environment and Natural Resources, a drilling permit may be issued for a horizontal oil and gas well on each proposed spacing unit, as requested above.

Dated and signed this 19th day of March 2013.

A handwritten signature in black ink, appearing to read 'S. Pirner', with a horizontal line extending to the right.

Steven M. Pirner
Secretary
Department of Environment and Natural Resources