ORDER / CASE NO: ORDER NO. 20-2013

ORDER / NOTICE OF RECOMMENDATION TYPE: POOLING

COUNTY: HARDING

LOCATION(S): T. 22N., R. 3E.,
ALL OF SEC. 16 AND SEC. 21

OPERATOR: CONTINENTAL RESOURCES, INC.

DATE ORDER ISSUED: 08/19/2013

DATE ORDER CLOSED:

AMENDS:

AMENDED BY:

APPROVAL STATUS: APPROVED

FIELD NAME: TABLE MOUNTAIN FIELD

UNIT NAME:
August 19, 2013

Lawrence Bender  
Fredrikson & Byron, P.A.  
200 North Third Street, Suite 150  
Bismarck, ND 58501-3879

Dear Mr. Bender:

The Department of Environment and Natural Resources received nine applications from your office filed on behalf of Continental Resources, Inc., Oklahoma City, OK – Oil and Gas Case Nos. 18-2013, 19-2013, 20-2013, 21-2013, 22-2013, 23-2013, 24-2013, 25-2013 and 26-2013. Because there was no intervention, the applications were approved administratively by the Secretary of the Department of Environment and Natural Resources in accordance with South Dakota Codified Laws 45-9-74. Enclosed are the approved orders.

If you have any questions regarding the orders, please feel free to contact me at 605.773.4201 or email at bob.townsend@state.sd.us. Thank you.

Sincerely,

Robert Townsend, Administrator  
Minerals and Mining Program

Enclosures
IN THE MATTER OF THE APPLICATION OF CONTINENTAL RESOURCES, INC. FOR AN ORDER OF THE BOARD AMENDING ANY APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD TO POOL ALL INTERESTS IN AN OVERLAPPING 1280-ACRE SPACING UNIT DESCRIBED AS SECTIONS 16 AND 21, TOWNSHIP 22 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

OIL AND GAS
CASE NO. 20-2013
ORDER

SECRETARY’S ORDER UNDER SDCL 45-9-74

A Petition and Application of Continental Resources, Inc. (“Continental”) to pool all interests in the overlapping 1280-acre spacing unit comprised of the above-referenced lands was submitted to the South Dakota Board of Minerals and Environment (“Board”) on June 27, 2013. The Board prepared and published a Notice of Opportunity for Hearing. No petition requesting a hearing was received. Therefore, pursuant to South Dakota Codified Laws (SDCL) 45-9-74 and SDCL 45-9-30 through 36 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 Sections 16 and 21, Township 22 North, Range 3 East, Harding County, South Dakota (“the Subject Lands”). Order No. 4-2013 established the Subject Lands as an overlapping 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. The Subject Lands overlap two laydown 320-acre spacing units established under Order No. 6-1983. The Koch 11-16A well, located on the N/2 of Section 16, and the Koch 34-16 well, located on the S/2 of Section 16, are
vertical wells that have produced since 1984 in said 320-acre spacing units.

That the Department of Environment and Natural Resources issued a permit to drill the Mitchell 31-16H well as a horizontal well on the Subject Lands.

There are both separately owned tracts and separately owned interests in the spacing unit comprised of the Subject Lands. Voluntary pooling of the Subject Lands has not been accomplished.

Under the current case, Continental has requested that the Board pool all interests in the aforementioned spacing unit, and that Continental be designated as operator of the authorized horizontal well within said spacing unit.

In Continental’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.

**IT IS THEREFORE ORDERED**

A. Pooling of all interests in the overlapping 1280-acre spacing unit comprised of Sections 16 and 21, Township 22 North, Range 3 East, Harding County, South Dakota, is hereby granted for the Table Mountain Field. Continental is hereby authorized to drill, equip, and operate the Mitchell 31-16H well, the authorized horizontal well within said spacing unit.

B. All expenses incurred in drilling, equipping and operating the Mitchell 31-16H well on the spacing unit, plus a reasonable charge for supervision and interest, and all production from the well, shall be allocated to the various tracts within the spacing unit on the basis of the ratio of the number of acres contained in each separately owned tract to the number of acres in the spacing unit.
C. Operations incident to the drilling of a well on any portion of the spacing unit shall be deemed for all purposes the conduct of such operation upon each separately owned tract in the spacing unit, and production allocated to each tract shall, when produced, be deemed for all purposes to have been produced from each tract by a well drilled thereon.

D. Any owner of mineral interests in the spacing unit may elect to participate in the risk and cost of the drilling and operation of the Mitchell 31-16H well at any time prior to completion of the well upon the basis of full participation or upon terms and conditions mutually agreeable to Continental and the mineral interest owner.

E. Owners of mineral interests in the spacing unit who participate in the costs of drilling, equipping, and operating the Mitchell 31-16H well or continue to pay future operating costs for the Mitchell 31-16H well for the benefit of nonparticipating owners of mineral interests in the spacing unit are entitled to the share of production from the spacing unit accruing to the interest of the nonparticipating owners, exclusive of a royalty not to exceed one-eighth of the production, until the market value of the nonparticipating owners' share of the production exclusive of the royalty, equals the sums payable by or charged to the interest of the nonparticipating owners.

F. Nothing contained herein shall prohibit Continental, its successors and assigns, from making further application to the Board for a risk penalty to be imposed against any non-participating owners as provided for by SDCL Ch. 45-9 and Administrative Rules of South Dakota Ch. 74:12:10 (2013).

G. In the event of a dispute as to the costs of drilling, equipping, or operating the well, the South Dakota Board of Minerals and Environment shall determine the costs in accordance with SDCL 45-9-35.
H. 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.

Dated and signed this 19th day of August 2013.

[Signature]

Steven M. Pirner
Secretary
Department of Environment and Natural Resources
August 7, 2013

Mr. Robert Townsend
Administrator
Minerals and Mining Program
Department of Environment and Natural Resources
2050 West Main, Suite #1
Rapid City, SD 57701

RE: CASE NO. 20-2013
Continental Resources, Inc.

Dear Mr. Townsend:

Please find enclosed herewith for filing the following:

1. Affidavit of Jim Canon;
2. Map which outlines the spacing unit;
3. Affidavit of Service by Mail with attached list of persons notified; and
4. Green certified return receipts.

If you should have any questions, please advise.

Sincerely,

[Signature]

LB/leo
Enclosure
cc: Ms. Christi Wood — (w/o enc.) Via Email
7063256_I.DOC
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 ANY APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD TO POOL ALL INTERESTS IN AN OVERLAPPING 1280-ACRE SPACING UNIT DESCRIBED AS SECTIONS 16 AND 21, TOWNSHIP 22 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR SUCH OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

AFFIDAVIT OF JIM CANON

STATE OF OKLAHOMA )
COUNTY OF OKLAHOMA ) ss

Jim Canon, being first duly sworn, deposes and states as follows:

1. That I am the Land Advisor - Northern Region for Continental Resources, Inc. (“Continental”) and that my business address is 20 North Broadway, P. O. Box 269091, Oklahoma City, Oklahoma 73126, the applicant in the above-entitled matter.

2. That in the course of my work as Land Advisor - Northern Region for Continental, I have become familiar with the mineral ownership and leasehold ownership in Sections 16 and 21, Township 22 North, Range 3 East, Harding County, South Dakota (the “Subject Lands”).

- 1 -
3. That Continental is an owner of an interest in the oil and gas leasehold estate in the Subject Lands.

4. That the Subject Lands have been established as a 1280-acre spacing unit in the Table Mountain Field pursuant to Order No. 4-2013.

5. That on or about July 3, 2013, the Department of Environment and Natural Resources issued a permit to Continental to drill the Mitchell 31-16H well, located in the NW/4NE/4 of Section 16, Township 22 North, Range 3 East, as a horizontal well on the Subject Lands.

6. That Continental requests the Board designate Continental as the operator of the Mitchell 31-16H well, the authorized well within said spacing unit comprised of the Subject Lands.

7. That there are separately owned tracts or interests in the mineral estate and/or leasehold estate in the Subject Lands.

8. That a voluntary pooling of the Subject Lands for the Table Mountain Field has not been accomplished.
DATED this 6th day of August, 2013.

Jim Canon

STATE OF OKLAHOMA )

COUNTY OF OKLAHOMA ) ss

The foregoing instrument was acknowledged before me this 6th day of August, 2013 by Jim Canon, Land Advisor - Northern Region, of Continental Resources Inc.

Christi Wood

Notary Public: Christi Wood
County of Oklahoma, State of Oklahoma
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 ANY APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD TO POOL ALL INTERESTS IN AN OVERLAPPING 1280-ACRE SPACING UNIT DESCRIBED AS SECTIONS 16 AND 21, TOWNSHIP 22 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR SUCH OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

AFFIDAVIT OF SERVICE BY MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Stephanie Sweet, being first duly sworn, deposes and says that on the 8th day of July, 2013, she served the attached:

PETITION AND APPLICATION OF CONTINENTAL RESOURCES, INC.; and
NOTICE OF OPPORTUNITY FOR HEARING

by placing a true and correct copy thereof in an envelope addressed as follows:

See attached Exhibit A

and depositing the same, with postage prepaid, certified mail, return receipt requested, in the United States mail at Bismarck, North Dakota.

Stephanie Sweet

Subscribed and sworn to before me this 8th day of July, 2013.

Notary Public
My Commission expires:

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CERTIFIED MAIL RECEIPTS NOT SCANNED

HARD COPIES AVAILABLE AT DENR’S OFFICE IN RAPID CITY
Affidavit of Publication

STATE OF SOUTH DAKOTA:
COUNTY OF HARDING:

Letitia Lister of said County and State being first duly sworn, on her oath says: That the NATION'S CENTER NEWS is a legal weekly newspaper of general circulation, printed and published in the City of Buffalo, in said County and State by Letitia Lister, and has been such a newspaper during the times hereinafter mentioned; and that said newspaper has a bonafide circulation of at least 200 copies weekly, and has been published within said County in the English language for at least one year prior to the first publication of the notice herein mentioned, and is printed in whole or in part in an office maintained at the place of publication; and that I, Letitia Lister, the undersigned, am the Publisher of said newspaper and have personal knowledge of all the facts stated in this affidavit; and that the advertisement headed:

Oil And Gas Case No 20-2013

a printed copy of which is hereto attached, was printed and published in said newspaper for [ ], successive and consecutive weeks, the first publication being made on the [ ] day of [ ], 2013, and the last publication on the [ ] day of [ ], 2013, that the full amount of fees charged for publishing same, to-wit: The sum of $ [ ] , insures solely to the benefit of the publisher of the NATION CENTER NEWS, that no agreement or understanding for a division thereof has been made with any person and that no part thereof has been agreed to be paid to any other person whomsoever.

Subscribed and sworn to me this [ ] day of [ ], 2013

[Signature]

Notary Public, Lawrence County, South Dakota
My commission expires: 10-24-2016
July 9, 2013

Lawrence Bender
Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, ND 58501-3879

Dear Mr. Bender:

Enclosed are copies of the notices of opportunity for hearing for Oil and Gas Case Nos. 18-2013, 19-2013, 20-2013, 21-2013, 22-2013, 23-2013, 24-2013, 25-2013 and 26-2013 in Harding County, SD. The notices have been sent to the Nation’s Center News in Buffalo, SD, for publication on Thursday, July 11, 2013.

The purpose of this letter is to advise you that it is the applicant’s responsibility to serve notice on those persons “....whose property may be affected...” as specified in South Dakota Codified Laws 45-9-58.

Please file with this office the following:

1. Affidavit of Notification
2. Certified mail return receipts
3. A list of persons notified

Thank you for your cooperation.

Sincerely,

Robert Townsend, Administrator
Minerals and Mining Program

Enclosures
IN THE MATTER OF THE APPLICATION OF CONTINENTAL RESOURCES, INC., OKLAHOMA CITY, OKLAHOMA, FOR AN ORDER OF THE BOARD AMENDING ANY APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD TO POOL ALL INTERESTS IN AN OVERLAPPING 1280-ACRE SPACING UNIT DESCRIBED AS SECTIONS 16 AND 21, TOWNSHIP 22 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

NOTICE OF OPPORTUNITY FOR HEARING

OIL AND GAS CASE NO. 20-2013

Notice is hereby given to Continental Resources, Inc., Oklahoma City, Oklahoma, and to all interested persons that the Board of Minerals and Environment, hereinafter “board,” will hold a contested case hearing on the above described matter on Thursday, August 15, 2013, at 10:15 a.m. CDT at the Matthew Environmental Education and Training Center, Joe Foss Building, 523 East Capitol Avenue, Pierre, SD 57501, for the purpose of hearing the above matter if any party intervenes and requests a hearing as provided by law.

The board has jurisdiction and legal authority to issue orders for the development of the oil and gas resources of the state pursuant to South Dakota Codified Laws (SDCL) Chapters 45-9 and 1-26 and to Administrative Rules of South Dakota (ARSD) 74:09 and 74:12. The hearing is an adversary proceeding and any party has the right to be represented by a lawyer. These and other due process rights will be forfeited if they are not exercised at the hearing. The board may approve, conditionally approve, or deny the application. The board’s decision will be based upon the evidence received at the hearing. The board’s decision may be appealed to the Circuit Court and the State Supreme Court as provided by law.

If the amount in controversy exceeds two thousand five hundred dollars or if a property right may be terminated, any party to the contested case may require the agency to use the Office of Hearing Examiners by giving notice of the request to the agency no later than ten days after service of a notice of hearing issued pursuant to SDCL Chapter 1-26-17.

Any person who wishes to intervene in this proceeding as a party must file a petition to intervene pursuant to ARSD 74:09:01:04 on or before July 31, 2013. The above described matter will only be heard before the board if a person intervenes in this proceeding. If no petition to intervene is filed, the Secretary of the Department of Environment and Natural Resources will approve or conditionally approve the application in accordance with SDCL 45-9-74.

Notice is further given to individuals with disabilities that this hearing is being held in a physically accessible place. Please notify the Department of Environment and Natural Resources at least 48 hours before the public hearing if you have a disability for which special
arrangements must be made at the hearing. The telephone number for making special arrangements is (605) 773-4201.

The application and notice of hearing are also posted on the department’s website at: http://denr.sd.gov/des/og/newpermit.aspx. Additional information about this application is available from Bob Townsend, Administrator, Minerals and Mining Program, Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, SD 57501, telephone (605) 773-4201, email bob.townsend@state.sd.us.

Dated: July 5, 2013

Steven M. Pirner
Secretary

Published once at the total approximate cost of __________.
June 27, 2013

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

VIA EMAIL AND U.S. MAIL

RE: CASE NO. 20-2013: IN THE MATTER OF THE APPLICATION OF CONTINENTAL RESOURCES, INC. FOR AN ORDER OF THE BOARD AMENDING ANY APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD TO POOL ALL INTERESTS IN AN OVERLAPPING 1280-ACRE SPACING UNIT DESCRIBED AS SECTIONS 16 AND 21, TOWNSHIP 22 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR SUCH OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

Dear Ms. Hegg:

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

Thank you for your attention to this matter.

If you should have any questions, please advise.

Sincerely,

[Signature]

Lawrence Bender

cc:  Mr. Michael Lees — (w/enc.) Via Email  
     Ms. Christi Wood — (w/enc.) Via Email

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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 ANY APPLICABLE ORDERS FOR THE TABLE MOUNTAIN FIELD TO POOL ALL INTERESTS IN AN OVERLAPPING 1280-ACRE SPACING UNIT DESCRIBED AS SECTIONS 16 AND 21, TOWNSHIP 22 NORTH, RANGE 3 EAST, HARDING COUNTY, SOUTH DAKOTA; AND FOR SUCH OTHER RELIEF AS THE BOARD DEEMS APPROPRIATE.

PETITION AND APPLICATION OF CONTINENTAL RESOURCES, INC.

Continental Resources, Inc. ("Continental") 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.

Continental 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 16: All
Section 21: All

(the "Subject Lands")

2.

In Order No. 4-2013, the Board established the Subject Lands as a 1280-acre spacing unit in the Table Mountain field.
3. That the Subject Lands overlap two laydown 320-acre spacing units established under Order No. 6-1983.

4. That the Koch 11-16A well, located on the N/2 of Section 16, and the Koch 34-16 well, located on the S/2 of Section 16, are vertical wells that have produced since 1984 in said 320-acre spacing units.

5. That Continental hereby requests the Board designate Continental as the operator of the authorized well within said spacing unit comprised of the Subject Lands.

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

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

8. 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.

9.

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.

10.

Continental respectfully requests that the Board enter an order to pool all interests in an overlapping 1280-acre spacing unit for the Table Mountain Field described as the Subject Lands.

11.

In Continental’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, 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 its order granting the relief requested herein.
DATED this 27th day of June, 2013.

Fredrikson & Byron, P.A.

By

LAWRENCE BENDER
SOUTH DAKOTA LICENSE #3461
200 North 3rd Street, Suite 150
P. O. Box 1855
Bismarck, ND 58502-1855
(701) 221-4020

ATTORNEYS FOR APPLICANT AND PETITIONER, CONTINENTAL RESOURCES, INC.