

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 20950
ORDER NO. 23256

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE IN THE MATTER OF THE PETITION FOR A RISK PENALTY OF BAKKEN HUNTER, LLC, REQUESTING AN ORDER AUTHORIZING THE RECOVERY OF A RISK PENALTY FROM CERTAIN NON-PARTICIPATING OWNERS AS PROVIDED BY NDCC § 38-08-08 IN THE DRILLING AND COMPLETION OF THE TUNDRA 3130 #3H WELL LOCATED IN A SPACING UNIT CONSISTING OF SECTIONS 30 AND 31, T.164N., R.98W., AMBROSE-BAKKEN POOL, DIVIDE COUNTY, ND, PURSUANT TO NDAC § 43-02-03-88.1, AND SUCH OTHER RELIEF AS IS APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause came on for hearing at 9:00 a.m. on the 26th day of September, 2013.
- (2) Bakken Hunter, LLC (Bakken Hunter) filed a petition for a risk penalty before the North Dakota Industrial Commission (Commission) requesting an order authorizing the recovery of a risk penalty from certain non-participating owners, as provided by North Dakota Century Code (NDCC) Section 38-08-08 in the drilling and completing of the Tundra 3130 #3H well located in a spacing unit described as Sections 30 and 31, Township 164 North, Range 98 West (Sections 30 and 31), Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.1, and such other relief as is appropriate.
- (3) Bakken Hunter is the owner of an interest in an oil and gas leasehold estate in a spacing unit for the Ambrose-Bakken Pool described as all of Sections 30 and 31.
- (4) The Commission makes no findings with regard to the specific acreage or percentage attributed to separately owned tracts or interests.
- (5) NDCC Section 38-08-08 provides that working interest owners in the spacing unit shall pay their share of the reasonable actual cost of drilling and operating the well plus a reasonable charge for supervision. In addition to such costs and charges, nonparticipating lessees may be required to pay a risk penalty of 200 percent and unleased mineral interest owners may be required to pay a risk penalty of 50 percent of their share of the reasonable actual cost of drilling and completing the well.

(6) Bakken Hunter requests an order of the Commission allowing the recovery of a risk penalty from the American Eagle Energy Corp. (American Eagle), the Crescent Point Energy US Corp (Crescent Point) and the Samson Resources (Samson) interests.

(7) American Eagle, Crescent Point and Samson, leasehold interest owners within the spacing unit, did not appear in this matter or object to the risk penalty being assessed against their leasehold interests.

(8) Pursuant to NDAC Section 43-02-03-16.3, Bakken Hunter sent an invitation to participate in the drilling and completion of the Tundra 3130 #3H well. Bakken Hunter provided evidence that the invitations to participate were complete and properly served on American Eagle, Crescent Point and Samson.

(9) Pursuant to NDAC Section 43-02-03-16.3, American Eagle, Crescent Point and Samson had 30 days from the date of receiving the invitation to elect to participate in the Tundra 3130 #3H well. Bakken Hunter provided evidence that American Eagle and Crescent Point declined Bakken Hunter's invitation and Samson failed to respond to Bakken Hunter's invitation within the 30-day deadline.

(10) The Commission concludes Bakken Hunter has complied with NDAC Section 43-02-03-16.3 and the risk penalty may be imposed against American Eagle's, Crescent Point's and Samson's leasehold interest.

(11) This application should be granted in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) A risk penalty may be imposed on American Eagle Energy Corp.'s, Crescent Point Energy US Corp.'s and Samson Resources' leasehold interests for the drilling and completion of the Tundra 3130 #3H well on a spacing unit described as Sections 30 and 31, Township 164 North, Range 98 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDCC Section 38-08-08 and NDAC Section 43-02-03-16.3.

(2) This order shall not determine or establish the specific acreage to be attributed to separately owned tracts, or specific interests attributed to separately owned interests.

(3) This order shall be effective from the date of first operations, and shall remain in full force and effect until further order of the Commission.

Dated this 5th day of March, 2014.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director