

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 14033
ORDER NO. 16309

IN THE MATTER OF A HEARING CALLED ON
A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF BAYTEX
ENERGY USA LTD. FOR AN ORDER
PURSUANT TO NDAC § 43-02-03-88.1 POOLING
ALL INTERESTS IN A SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7, T.162N.,
R.99W., AMBROSE-BAKKEN POOL, DIVIDE
COUNTY, ND; AS PROVIDED BY NDCC § 38-
08-08 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 13th day of January, 2011.
- (2) Pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.1, the Director is authorized to sign, on behalf of the Commission, orders relating to, inter alia, pooling under North Dakota Century Code (NDCC) Section 38-08-08.
- (3) The applicant 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 6 and 7, Township 162 North, Range 99 West, Divide County, North Dakota.
- (4) Said spacing unit is created in accordance with an order of the Commission and there are separately owned tracts and/or separately owned interests in the spacing unit, and some of the owners thereof have not voluntarily pooled their interests for the development and operation of said spacing unit.
- (5) The Commission makes no findings with regard to the specific acreage or percentage attributed to separately owned tracts or interests.
- (6) Counsel for applicant requests an order of the Commission pooling all interests in the spacing unit.
- (7) There were no objections to this application.
- (8) NDCC Section 38-08-08 requires the Commission to enter a pooling order upon application when two or more separately owned tracts are embraced within a spacing unit, or there are separately owned interests in all or a part of a spacing unit, in the absence of voluntary pooling. The section further 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% of their share of the reasonable actual cost of drilling and completing the well. This application is not a petition for a risk penalty, therefore the Commission makes no findings with regard to whether any particular owner with an interest in the spacing unit at issue in this application may impose a risk penalty against any other owner. The requirements for imposition of a risk penalty are set forth in NDCC Section 38-08-08 and NDAC Section 43-02-03-16.3.

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

IT IS THEREFORE ORDERED:

(1) All oil and gas interests in a spacing unit for the Ambrose-Bakken Pool described as all of Sections 6 and 7, Township 162 North, Range 99 West, Divide County, North Dakota, are hereby pooled for the development and operation of the spacing unit.

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

(3) The operator of the well for the spacing unit shall conduct operations in a manner so as to protect correlative rights of all interested parties.

(4) All owners of interests shall recover or receive, without unnecessary expense, their just and equitable share of production from the spacing unit in the proportion as their interests may appear in the spacing unit.

(5) The working interest owners shall reimburse the operator for their proportionate share of the reasonable actual cost of drilling and operating said well, plus a reasonable charge for supervision.

(6) In the event of any dispute as to such costs the Commission shall determine the proper cost.

(7) In the event the size of the spacing unit pooled herein is modified by the Commission, this order shall terminate as of the date of such order.

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

Dated this 20th day of January, 2011.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director

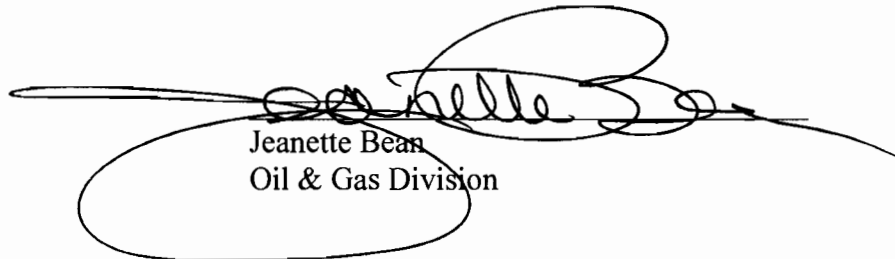
STATE OF NORTH DAKOTA

AFFIDAVIT OF MAILING

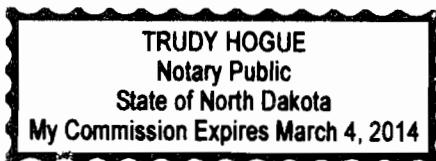
COUNTY OF BURLEIGH

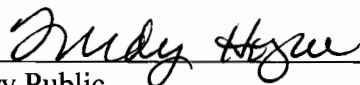
I, Jeanette Bean, being duly sworn upon oath, depose and say: That on the 24th day of January, 2011 enclosed in separate envelopes true and correct copies of the attached Order No. 16309 of the North Dakota Industrial Commission, and deposited the same with the United States Postal Service in Bismarck, North Dakota, with postage thereon fully paid, directed to the following persons by the Industrial Commission in Case No. 14033:

LAWRENCE BENDER
FREDRICKSON & BYRON
PO BOX 1855
BISMARCK ND 58502-1855


Jeanette Bean
Oil & Gas Division

On this 24th day of January, 2011 before me personally appeared Jeanette Bean to me known as the person described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed.





Notary Public
State of North Dakota, County of Burleigh

January 14, 2011

HAND DELIVERED

Mr. Bruce Hicks
Assistant Director
North Dakota Industrial Commission
Oil and Gas Division
600 East Boulevard
Bismarck, North Dakota 58505-0310



RE: CASE NO. 14033
Baytex Energy USA Ltd.

Dear Mr. Hicks:

Please find enclosed herewith the original AFFIDAVIT OF LEE ZINK in regard to the captioned matter for filing.

Thank you for your attention to this matter.

Sincerely,

LAWRENCE BENDER

LB/leo

Enclosure

cc: Mr. Lee Zink - (w/o enc.) *Via Email*

4610690_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

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

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**

CASE NO. 14033

Application of Baytex Energy USA Ltd. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 6 and 7, T.162N., R.99W., Ambrose-Bakken Pool, Divide County, ND; as provided by NDCC § 38-08-08 and such other relief as is appropriate.



AFFIDAVIT OF LEE ZINK

STATE OF COLORADO)
) ss
COUNTY OF DENVER)

Lee Zink, being first duly sworn, deposes and states as follows:

1.

That I am a Landman for Baytex Energy USA Ltd., 600 17th Street, Suite 1600 South, Denver, Colorado 80202, the applicant in the above-entitled matter.

2.

That in the course of my work as Landman for Baytex, I have become familiar with the mineral ownership and leasehold ownership in Sections 6 and 7, Township 162 North, Range 99 West, Divide County, North Dakota ("Sections 6 and 7").

3.

That Baytex is the owner of an interest in the oil and gas leasehold estate in portions of Sections 6 and 7.

4.

That Sections 6 and 7 has been established as a spacing unit in the Ambrose-Bakken Pool.

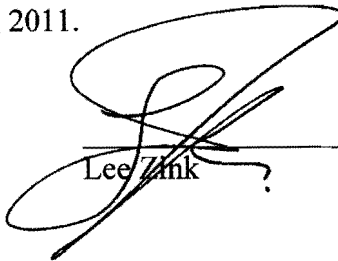
5.

That there are separately owned tracts or interests in the mineral estate and/or leasehold estate in Sections 6 and 7.

6.

That a voluntary pooling in Sections 6 and 7 has not been accomplished.

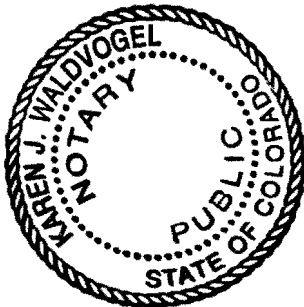
DATED this 11 day of January, 2011.

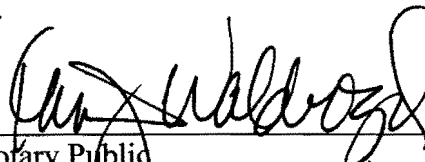


Lee Zink

STATE OF COLORADO)
)ss
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 11th day of January, 2011 by Lee Zink, Landman, of Baytex Energy USA Ltd.





Notary Public
My Commission Expires: 1/18/2014

4857803_1.DOC

Fredrikson

& BYRON, P.A.

December 13, 2010

Mr. Bruce Hicks
Assistant Director
North Dakota Industrial Commission
Oil and Gas Division
600 East Boulevard
Bismarck, North Dakota 58505-0310



**RE: APPLICATION OF BAYTEX
ENERGY USA LTD. FOR
JANUARY 2011 HEARINGS**

Dear Mr. Hicks:

Please find enclosed herewith for filing an APPLICATION OF BAYTEX ENERGY USA LTD. to be placed on the January 2011 docket.

As you will note, pursuant to N.D. Admin. Code § 43-02-03-88.2, Baytex requests that its witnesses be allowed to participate at the hearing by telephonic means.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg

Enclosure

cc: Ms. Karlene Fine - (w/enc.)
Mr. Lynn Helms - (w/enc.)
Mr. Todd Sattler - (w/enc.)
Mr. Lee Zink - (w/enc.)

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
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Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

**BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA**

CASE NO. 14033

Application of Baytex Energy USA Ltd. for an order pursuant to NDAC Section 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 6 and 7, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota; as provided by NDCC Section 38-08-08 and such other relief as is appropriate.



APPLICATION OF BAYTEX ENERGY USA LTD.

Baytex Energy USA Ltd. ("Baytex"), for its application to the North Dakota Industrial Commission ("Commission"), respectfully states as follows:

1.

That Baytex is an owner of an interest in the oil and gas leasehold estate in Sections 6 and 7, Township 162 North, Range 99 West, Divide County, North Dakota ("the Subject Lands").

2.

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

3.

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

4.

That Sections 6 and 7 constitutes a spacing unit for the Ambrose-Bakken Pool.

5.

That N.D.C.C. Section 38-08-08(1) provides that when two or more separately owned tracts are embraced within a spacing unit, or when there are separately owned interests in all or a part of a spacing unit, and in the absence of a voluntary pooling, the Commission upon the application of any interested person shall enter an order pooling all interests in the spacing unit for the development and operations thereof.

6.

That Baytex therefore requests that the Commission enter its order pooling all interests in the proposed spacing unit described as Sections 6 and 7, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota; as provided by N.D.C.C. Section 38-08-08.

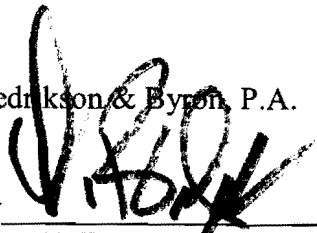
WHEREFORE, Baytex requests the following:

- (a) That this matter be set for the regularly scheduled January 2011 hearings of the Commission;
- (b) That pursuant to N.D.A.C. Section 43-02-03-88.2, Baytex's witnesses in this matter be allowed to participate by telephonic means; and
- (c) That thereafter the Commission issue its order granting the relief requested and such other and further relief as the Commission may deem appropriate.

DATED this 13th day of December, 2010.

Fredrickson & Byron, P.A.

By

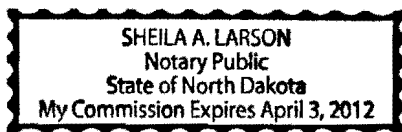

LAWRENCE BENDER, ND Bar #03898
Attorneys for Applicant,
Baytex Energy USA Ltd.
200 North 3rd Street, Suite 150
P. O. Box 1855
Bismarck, ND 58502-1855
(701) 221-4020

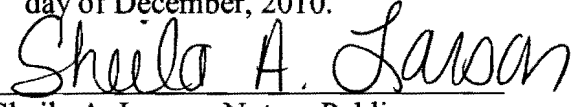
STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

LAWRENCE BENDER, being first duly sworn on oath, deposes and says that he is the attorney for the applicant named herein, that he has read the foregoing application, knows the contents thereof, and that the same is true to the best of this affiant's knowledge and belief.


LAWRENCE BENDER

Subscribed and sworn to before me this 13th day of December, 2010.




Sheila A. Larson, Notary Public
Burleigh County, North Dakota
My Commission Expires: April 3, 2012

www.bismarcktribune.com

281.00 Legal 217.00

NOTICE OF HEARING
N.D. INDUSTRIAL COMMISSION
OIL AND GAS DIVISION

The North Dakota Industrial Commission will hold a public hearing at 9:00 a.m. Thursday, January 13, 2011, at the N.D. Oil & Gas Division, 1016 East Calgary Ave., Bismarck, N. D. At the hearing the Commission will receive testimony and exhibits. Persons with any interest in the cases listed below, take notice.

PERSONS WITH DISABILITIES: If at the hearing you need special facilities or assistance, contact the Oil and Gas Division at 701-328-8038 by Friday, December 31, 2010.

STATE OF NORTH DAKOTA TO:

Case No. 14006: Proper spacing for the development of the Banks-Bakken Pool, McKenzie and Williams Counties, ND, redefine the field limits, and enact such special field rules as may be necessary. Brigham Oil & Gas, LP; Zenergy, Inc.

Case No. 14007: Application of Brigham Oil & Gas, LP for an order to establish temporary spacing for the development of an oil and/or gas pool discovered by the Smith Farm 23-14 #1-H well, located in the SE1/4 of Section 23, T155N, R101W, Williams County, ND, define the field limits, enact such special field rules as may be necessary and such other relief as is appropriate.

Case No. 14008: Application of Brigham Oil & Gas, LP for an order amending the field rules for the Kittleson Slough-Bakken Pool to create and establish two 1280-acre spacing units comprised of Sections 19 and 30, T158N, R91W; and Section 31, T158N, R91W, and Section 6, T157N, R91W, Mountrail County, ND, authorizing the drilling of a total of not more than four wells on each spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 14009: Application of Brigham Oil & Gas, LP for an order amending the field rules for the Alger-Bakken Pool to create and establish a 1280-acre spacing unit comprised of Sections 22 and 23, T153N, R92W, Mountrail County, ND, authorizing the drilling of a total of not more than four wells on said spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 14110: Application of Brigham Oil & Gas, LP for an order extending the field boundaries and amending the field rules for the Williston-Bakken Pool to create and establish a 1280-acre spacing unit comprised of Sections 3 and 10, T154N, R100W, Williams County, ND, authorizing the drilling of a total of not more than four horizontal wells on said spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 14011: Temporary spacing to develop an oil and/or gas pool discovered by the Zenergy, Inc. #32-29H Aute, SW1/4 Section 32, T153N, R102W, Williams County, ND, define the field limits, and enact such special field rules as may be necessary.

Case No. 14012: Temporary spacing to develop an oil and/or gas pool discovered by the Zenergy, Inc. #10-15H Payestee, NWNW1/4 Section 10, T151N, R104W, McKenzie County, ND, define the field limits, and enact such special field rules as may be necessary.

Case No. 14013: Application of Anschutz Exploration Corp. for an order waiving the requirements of NDAC §§ 43-02-03-21 and 43-02-03-31 relative to the casing, tubing, and cementing requirements and well log completion and workover reports for the Evelyn Kary #1-15-22H-144-97 well located in Section 15, T144N, R97W, Dunn County, ND, and such other relief as is appropriate.

Case No. 14014: In the matter of a hearing called on a motion of the Commission to consider the whether Sections 36 and 25, T154N, R104W, Williams County, ND, are the appropriate spacing unit for the Slawson Exploration Co., Inc. #1-36-25H Stampede well, located 250 feet from the south line and 1330 feet from the east line of Section 36, in the Painted Woods-Bakken Pool, and such other relief as is appropriate.

Case No. 14015: Application of Slawson Exploration Co., Inc. for an order to establish temporary spacing for the development of an oil and/or gas pool discovered by the Cyclone #1-21-16H well, located in the SW1/4 of Section 21, T150N, R100W, McKenzie County, ND, define the field limits, enact such special field rules as may be necessary and such other relief as is appropriate.

§ 38-08-08 and such other relief as is appropriate.

Case No. 14051: Application of Sinclair Oil & Gas Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 17 and 20, T.146N., R.97W., Little Knife-Bakken Pool, Dunn County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14052: Application of Sinclair Oil & Gas Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 18 and 19, T.146N., R.97W., Little Knife-Bakken Pool, Dunn County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14053: Application of Newfield Production Co. for an order authorizing the drilling, completing and producing of a total of not more than three wells on each 640-acre spacing unit described as Sections 1 and 12, T.150N., R.100W., Sandrocks-Bakken Pool, McKenzie County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 14054: Application of Newfield Production Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Section 1, T.150N., R.100W., Sandrocks-Bakken Pool, McKenzie County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14055: Application of Newfield Production Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Section 12, T.150N., R.100W., Sandrocks-Bakken Pool, McKenzie County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14056: Application of Ward Villiston Co. in accordance with NDAC § 43-02-03-88.1 for an order allowing the production from the Kveum #1 well, located in Section 17, T.163N., R.79W., and the Kveum #2 well, located in Section 17, T.163N., R.79W., to be commingled into Kveum Central Tank Battery Central Tank Battery or production facility, Scotia-Madison Pool, Bottineau County, ND, as an exception to the provisions of NDAC § 43-02-03-48 and such other relief as is appropriate.

Case No. 13940: (Continued) Application of Hunt Oil Co. for an order authorizing the drilling, completing and producing of horizontal increase density wells on each 640-acre spacing unit and each 1280-acre spacing unit within the Clear Water-Bakken Pool, Burke and Mountrail Counties, ND, not to exceed a total of three horizontal wells on each such spacing unit, eliminating any tool error requirements, and such other relief as is appropriate.

Signed by,
Jack Dalrymple, Governor
Chairman, ND Industrial Commission
12/22 - 606207

Bismarck Tribune
Jan 13, 2011

NOTICE OF HEARING

AL COMMISSION OIL AND GAS DIVISION

30 and 31, T.160N., R.102W., Divide County, ND, authorizing the drilling of a total of not more than four wells on said spacing unit, and such other relief as is appropriate.

Case No. 14030: Application of Samson Resources Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 13 and 24, T.163N., R.98W., Blooming Prairie-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14031: Application of Samson Resources Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 15 and 22, T.163N., R.98W., Blooming Prairie-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14032: Application of Samson Resources Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 27 and 34, T.163N., R.98W., Blooming Prairie-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14033: Application of Baytex Energy USA Ltd. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 6 and 7, T.162N., R.99W., Ambrose-Bakken Pool, Divide County, ND; as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14034: Application of Baytex Energy USA Ltd. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Section 8, T.162N., R.99W., Ambrose-

Bakken Pool, Divide County, ND; as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14035: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 14 and 23, T.161N., R.96W., Upland-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14036: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 3 and 10, T.160N., R.97W., Wildrose-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14037: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 18 and 19, T.160N., R.96W., Hamlet-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 14038: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 29 and 32, T.160N., R.96W., Hamlet-Bakken Pool, Divide County, ND as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Signed by,
Jack Dalrymple, Governor
Chairman,
ND Industrial
Commission
(12-22)

Jan 13, 201



Affidavit of Publication

State of North Dakota, County of Divide, ss:

I, Steven J. Andrist, being first duly sworn, on my oath, say that I am the publisher of The Journal, a weekly newspaper of general circulation and official newspaper of Divide County, State of North Dakota, published in the city of Crosby, ND, and that the advertisement headed

NOTICE OF HEARING

a printed copy of which is here attached, was published in The Journal on the following dates:

December 22, 2010 165 lines @ .62 = 102.30

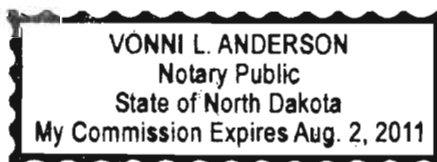
TOTAL CHARGE.....\$102.30

Signed

Steven J. Andrist, Publisher

Subscribed and sworn to before me December 22, 2010

Vonni L. Anderson
Notary Public, State of North Dakota



Case # 14024, 14027, 13839 on back.

The North Dakota Industrial Commission will hold a public hearing at 9:00 a.m. Thursday, January 13, 2011, at the N.D. Oil & Gas Division, 1016 East Calgary Ave., Bismarck, N.D. At the hearing the Commission will receive testimony and exhibits. Persons with any interest in the cases listed below, take notice.

PERSONS WITH DISABILITIES: If at the hearing you need special facilities or assistance, contact the Oil and Gas Division at 701-328-8038 by Friday, December 31, 2010.

STATE OF NORTH DAKOTA
TO:

✓ Case No. 14024: Application of Crescent Point Energy U.S. Corp. for an order extending the field boundaries and amending the field rules for the West Ambrose-Bakken Pool to create and establish a 1280-acre spacing unit comprised of Sections 29 and 32, T.163N., R.100W., Divide County, ND, authorizing the drilling of one horizontal well on said spacing unit and such other relief as is appropriate.

✓ Case No. 14027: In the matter of the petition for a risk penalty of Baytex Energy USA Ltd. 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 completing of the Larsen #8-162-99H well located in a spacing unit described as Section 8, T.162N., R.99W., Ambrose-Bakken Pool, Divide County, ND, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

✓ Case No. 13839: (Continued) Application of Newfield Production Co. for an order amending the field rules for the Fertile Valley-Bakken Pool to create and establish a 1280-acre spacing unit comprised of Sections