OF THE STATE OF NORTH DAKOTA

CASE NO. 14427 ORDER NO. 16705

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 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.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

(1) This cause came on for hearing at 9:00 a.m. on the 24th day of March, 2011.

(2) Baytex Energy USA LTD. (Baytex) has 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 Larsen #8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, 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) Relief sought in this case was granted by Order 16302 in Case 14027 on August 26, 2011.

(4) This case should be dismissed without prejudice.

Case No. 14427 Order No. 16705

IT IS THEREFORE ORDERED:

(1) This case is dismissed without prejudice.

Dated this 18th day of November, 2011.

INDUSTRIAL COMMISSION STATE OF NORTH DAKOTA

By the Director, on behalf of the Commission

/s/ Lynn D. Helms, Director

SFN 5729

STATE OF NORTH DAKOTA

AFFIDAVIT OF MAILING

COUNTY OF BURLEIGH

I, Linda Llewellyn, being duly sworn upon oath, depose and say: That on the 22nd day of <u>November, 2011</u> enclosed in separate envelopes true and correct copies of the attached Order No. <u>16705</u> 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. <u>14427</u>:

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

Linda Llewellyn Oil & Gas Division

On this <u>22nd</u> of <u>November</u>, <u>2011</u> before me personally appeared Linda Llewellyn 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.

JEANETTE BEAN Notary Public State of North Dakota My Commission Expires May 25, 2017

Notary Public State of North Dakota, County of Burleigh



August 15, 2011



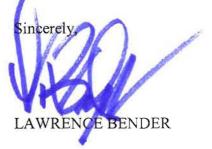
Mr. Bruce Hicks Assistant Director North Dakota Industrial Commission Oil and Gas Division 600 East Boulevard Bismarck, North Dakota 58505-0310

RE: <u>BAYTEX ENERGY USA LTD.</u> <u>CASE NO. 14427</u>

Dear Mr. Hicks:

Please find enclosed herewith for filing a copy of the certified mail return receipt in the above matter.

Should you have any questions, please advise.



LB/mpg

Enclosure

cc: Dave McCusker

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

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| SEND COMPLETE THIS SEC | TION COMPLETE THIS SECTION ON DELIVERY |
|---|--|
| Complete items 1, 2, and 3. Also item 4 if Restricted Delivery is de Print your name and address on so that we can return the card to Attach this card to the back of th or on the front if space permits. 1. Article Addressed to: Mr. David Goldal P.O. Box 265 909 Crest Drive Crosby, ND 58730 | the reverse you. Agent Addressee by (Printed Name) C. Date of Delivery |
| | 4. Restricted Delivery? (Extra Fee) Yes |
| 2. Art' Number (1). 'from service label) | 2008 1140 0001 7879 2382 |

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UNITED STATES POSTAL SERVICE First-Class N Postage & Fe USPS Permit No. G-10 raid • Sender: Please print your name, address, and ZIP+4 in this box • Fredrikson + Byron, PA 200 N third St., Suite 150 Biswarck, ND 58501-3879 Sal Istatshaladalathaanathallahadalandhalamahalahalahaall



February 21, 2011

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** MARCH 24, 2011 HEARINGS LARSEN 8-162-99H WELL

Dear Mr. Hicks:

cc:

Please find enclosed herewith for filing the following:

- 1. Petition of Baytex Energy USA Ltd.;
- 2. Notice of Hearing;
- 3. Affidavit of Lee Zink; and
- Certificate of Service 4.

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

Should you have any questions, please advise. LB/sal NDER Enclosure 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 www.fredlaw.com

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

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OF THE STATE OF NORTH DAKOTA

CASE NO. 14427

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 N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1, and such other and further relief as is appropriate.

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PETITION OF BAYTEX ENERGY USA LTD.

Baytex Energy USA Ltd. ("Baytex"), respectfully shows the North Dakota Industrial

Commission ("Commission") as follows:

1.

That Baytex is an owner of an interest in the oil and gas leasehold estate in Section 8,

Township 162 North, Range 99 West, Divide County, North Dakota ("Section 8").

2.

That Baytex is the operator of the Larsen 8-162-99H well, drilled in the Northwest

Quarter of the Northwest Quarter (NW/4NW/4) of Section 8.

3.

That Section 8 constitutes the spacing unit for the Larsen 8-162-99H well in the Ambrose-Bakken Pool.

That by application submitted to the Commission and to be heard on January 13, 2011, Baytex has made application for an order pooling all interests in a spacing unit for the Ambrose-Bakken Pool described as all of Section 8.

5.

That Section 38-08-08(3) of the North Dakota Century Code provides that if an owner of an interest in a spacing unit elects not to participate in the risk and cost of drilling a well, the owner paying for the nonparticipating owner's share of the drilling and operation of a well may recover from the nonparticipating owner a risk penalty involved in drilling the well.

6.

That the following owner has elected not to participate in the drilling and completion operations of the Larsen 8-162-99H well:

(a) David Goldal

. '

7.

That the interest of David Goldal is an unleased interest.

8.

That as to the foregoing unleased mineral owner, Baytex has made a good faith attempt to lease the same but was unsuccessful.

9.

That a well proposal was forwarded to the above-referenced unleased mineral owner and said owner failed or refused to respond to the same, or elected not to participate.

10.

That the Larsen 8-162-99H well was spud on November 8, 2010.

That Baytex therefore requests that the Commission enter its order authorizing the recovery of a risk penalty from certain non-participating owners, as provided by N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1 and such other and further relief as is appropriate.

WHEREFORE, Baytex requests the following:

(a) That this matter be set for the regularly scheduled March 2011 hearings of the Commission;

(b) That pursuant to Section 43-02-03-88.2 of the North Dakota Administrative Code,Baytex's witnesses in this matter be allowed to participate by telephonic means; and

(c) That thereafter the Commission issue an order granting the relief requested and such other and further relief as the Commission may deem appropriate.

DATED this 21st day of February, 2011.

RON, P.A. FRE By

LAWRENCE HENDER, ND Bar #03908 Attorneys for Applicant Baytex Energy USA Ltd. 200 North 3rd Street, Suite 150 Post Office Box 1855 Bismarck, North Dakota 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 affiants knowledge and belief.

LAWRENCE B **VDER**

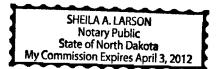
Subscribed and sworn to before me this 21st day of February, 2011.

NOG

Notary Public My Commission Expires:

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OF THE STATE OF NORTH DAKOTA

CASE NO.

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 N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1, and such other and further relief as is appropriate.



NOTICE OF HEARING

PLEASE TAKE NOTICE that Baytex Energy USA Ltd. filed the above-referenced application with the North Dakota Industrial Commission.

A hearing will be held at 9:00 a.m. on March 24, 2011 at the Department of Mineral Resources Conference Room, Oil and Gas Division, 1016 East Calgary Avenue, Bismarck, North Dakota, to consider the request of Baytex Energy USA Ltd.

As noted in the attached application, the applicant is requesting the authority to impose a risk penalty against any nonparticipating owner electing not to participate in the drilling of the contemplated well. Any nonparticipating owner may object to the risk penalty by responding in opposition to the application. In the event a nonparticipating owner objects, the applicant reserves the right to request a continuance to the next regularly scheduled hearing to allow sufficient time to respond to the objection.

DATED this 21st day of February, 2011.

FR ON. P.A. By

LAWRENCE SENDER, ND Bar #03908 Attorneys for Applicant Baytex Energy USA Ltd 200 North 3rd Street, Suite 150 Post Office Box 1855 Bismarck, North Dakota 58502-1855 701-221-4020

OF THE STATE OF NORTH DAKOTA

CASE NO.

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 N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1, and such other and further 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 a Landman for Baytex Energy USA Ltd., I have become familiar with the mineral ownership and leasehold ownership in and under all of Section 8, Township 162 North, Range 99 West, Divide County, North Dakota ("Section 8"). I am also familiar with all the oil and gas operations which have been conducted by Baytex on the above-described lands. That Baytex is an owner of an interest in the oil and gas leasehold estate in Section 8.

4.

That all of Section 8 has been designated as the spacing unit for the Larsen 8-162-99H well in the Ambrose-Bakken Pool.

5.

That by application submitted to the Commission and to be heard on January 13, 2011, Baytex has made application for an order pooling all interests in a spacing unit for the Ambrose-Bakken Pool described as all of Section 8.

6.

That the following owner has elected not to participate in the drilling and completion operations of the Larsen 8-162-99H well:

(a) David Goldal

• •

. .

8.

That the foregoing owns unleased mineral interests in and under the spacing unit for the Larsen 8-162-99H well.

9.

That Baytex made a good faith attempt to have David Goldal execute an oil and gas lease on May 3, 2010 by forwarding a lease package via UPS attached herewith as <u>Exhibit A</u>.

10.

That the above-referenced unleased mineral owner failed or refused to execute and return the lease Baytex offered him. .

That Baytex mailed a well proposal for the Larsen 8-162-99H well to David Goldal on August 18, 2010 via UPS. That attached hereto as **Exhibit B** is a true and correct copy of the well proposal that Baytex sent to David Goldal.

12.

That the well proposal stated that David Goldal had thirty (30) days from the receipt of the well proposal to accept or reject the well proposal. <u>See Exhibit B</u>. The well proposal provided that Baytex would be seeking recovery of a risk penalty from all nonparticipating owners as provided by North Dakota law. <u>See Exhibit B</u>. The well proposal further stated that any nonparticipating owner may object to the risk penalty by either responding in opposition to the petition, or if no such petition has been filed, by filing a request for hearing with the Commission. <u>See Exhibit B</u>.

13.

That David Goldal elected not to participate by executing the Larsen 8-162-99H Well Election on September 15, 2010, attached herewith as <u>Exhibit C</u>. Because David Goldal elected not to participate, Baytex is seeking and is entitled to a risk penalty against the interests of David Goldal.

14.

That Baytex will be filing a Petition dated February 21, 2011, with the Commission requesting that the Commission enter an order authorizing the recovery of a risk penalty from each nonparticipating owner a risk penalty as provided by Section 38-08-08 of the N.D.C.C. and such other and further relief as is appropriate. <u>See Exhibit D</u>.

15.

The Larsen 8-162-99H well was spud on November 18, 2010.

DATED this 16 day of February, 2011. ee Zink STATE OF COLORADO))ss COUNTY OF DENVER) The foregoing instrument was acknowledged before me this 18th day of February, 2011 by Lee Zink, Landman, of Baytex Energy USA Ltd. Notary Public My Commission Expires: 4880938_1.DOC



ENSEGY JSA LTG

May 3, 2010

Mr. David Goldal 909 Crest Drive Crosby, North Dakota

Re: Oil and Gas Lease(s) <u>T161N-R98W</u> Sec. 22: E2 <u>T162N-R99W</u> Sec. 3: Lots 3, 4, S2NW Sec. 3: Lots 3, 4, S2NW Sec. 10: NW Sec. 10: NW Sec. 16: SENW, N2NW, NESW Sec. 17: NW <u>T163N-R99W</u> Sec. 33: All Sec. 34: SW 1760.4 gross, 674.8 net acres Divide County, ND

<u>Via UPS</u> No. 1Z E19 I W1 02 9187 3381

Dear Mr. Goldal,

Enclosed please find our oil and gas leases covering your 671.80 net mineral acres interest under the captioned lands located in Divide County, North Dakota.

The terms of these leases are as follows: \$400.00 per net mineral acre (\$269,920.00) for execution of a three year term, paid-up oil and gas lease, providing for a three-sixteenths (3/16th) landowners' royalty in the event of production.

Please sign the original leases in duplicate *in the presence of a notary*, sign the Letter Agreement in Lieu of Draft for Oil and Gas Lease Bonus Consideration, fill in your Tax I.D. number on the enclosed taxpayer I.D. form and return said documents to us in the enclosed envelope. The documents marked "COPY" are for your records.

Once received the executed copy of the Oil and Gas leases, we will remit a check in the amount stated above.

 600 Seventeenth Street
 Telephone 30.3 (25/2777)

 Suite 16(8)
 Faccorde 30.3 (25/279)

 Draver, CO. 80/202
 www.baytes.ab.ea



Please feel free to contact me at (303) 517-1627 with any questions or concerns that you may have.

Very truly yours; Lee Zink Landman

به ^د بر ۱۰ PRODUCERS 88-PAID UP Rev. 5-60 No. 2 NE 94 OG

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OIL AND GAS LEASE

AGREEMENT, Made and entered into the 14th _day of _ June ___, 2010, by and between_David Goldal, a single man whose address is __909 Crest Drive, PB Box 265, Crosby, ND 58730 , hereinafter called Lessor (whether one or more) and _Baytex Energy USA Ltd. whose address is __600 17th Street, Suite 1900 S., Denver, CO 80202, hereinafter called Lessee:

WITNESSETH, That Lessor, in consideration of TEN DOLLARS plus (\$10.00+) cash in hand paid, the receipt of which is hereby acknowledged, and of the royalties herein provided and of the agreements of Lessee herein contained, hereby GRANTS, LEASES AND LETS exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, conducting geophysical operations, mining and operating for and producing oil, liquid hydrocarbons, all gases (including gas producible from coal-bearing formations), and their respective constituent products, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid, hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, the following described land, together with any reversionary rights and after-sequired interest (hereinafter called the "Land"), therein situated in the County of Divide , State of North Dakota , described as follows, to-wit:

Township 162 North, Range 99 West, 5th P.M. Section 08: SENE, NWSE, S/2SE Section 10: NW Section 16: N/2NW, SENW, NESW Section 17: NW

* Any reference to a Lessor's royalty of "one-eighth (1/8th)" is hereby changed to a Lessor's royalty of "one-fifth (3/16th)"

SUBJECT TO EXHIBIT "A" ATTACHED HERETO AND BY REFERNCE MADE A PART HEREOF

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, tands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incidant, appurtemant, related or attributed to Lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of Lessor's ownership of the lands described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to Lessor by virtue of Lessor's ownership of the lands described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by Lessor through adverse possession or other similar statutes of the state in which the lands are located.

For purposes of payment of renals and royalties, Lesson and Lesse agree that the lease shall be treated as covering <u>640.00</u> acres, whatever more or less. 1. It is agreed that this lease shall remain in force for a term of <u>Three</u> years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandoament of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate as shall not terminate as shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith. 2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to

commence or continue any operations during the primary term. Lessere may at any time or times during or after the primary term. Lessere may at any time or times during or after the primary term. Surface the state as to all or any portion of all and and as to any strata or stratum by delivering to Lessor by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees: 1^a. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and

 2^{nd} . The Lessee shall pay Lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-eighth of the gas sold or used, provided that on gas sold the royalty the rest sold or used in the manufacture of gasoline or other products, the market value at the well of one-eighth of the gas sold or used, provided that on gas sold the royalty the rest sold or used in the manufacture of gasoline or other products, the market value at the well of one-eighth of the gas sold or used, provided that on gas sold the royalty the royalty of the royal shall be one-eighth of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by Lessee and a gas purchaser for such term and under such conditions as are customary in the industry at the location where the well is located. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. Lessor and Lessee agree that costs that are customary in the area which are incurred by Lessee include the cost of gathering, compressing, dehydrating, ting gas to a pipeline or processing plant and may be deducted from the royalty paid to Lessor -ranspo

3^{eff}. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. If, at the expiration of the primary term or at any time or times thereafter there is any well on the leased premises either capable of producing oil or gas, then this lease shall not terminate so long as such well is shut in. For each such well, Lessee shall pay or tender to Lessor or Lessor's successor or assigns One Dollar per year per net minerais acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. Lessee's failure to pay or tender, or properly pay or tender, any such sum shall render Lessee liable for the amount due but it shall not operate to terminate the lease.

5. If said Lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.
 When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

 Lesses shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
 The rights of the Lessor and Lessee hereunder may be assigned in whole or in part. No change of ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lesse's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary of advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a

declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which allocated to this lease, such allocation shall be that proportion of the unit production from the unit so pooled royalties only on the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental agency and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that sati above described lands or any part thereof, shall hercafter be operated under any such cooperative or unit plan of development or operations of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. When drilling, production or other operations are delayed, interrupted or stopped by lack of water, labor, material, inability to obtain access to leased premises, fire, flood, war, rebellion, insurrection, riot, strike, differences with workmen, failure of carriers to transport or furnish facilities for transportation of any product produced preduced press are such of an order of any governmental agency, (including but not limited to orders restricting production) or as a result of any cause beyond the control of Lessee, the time of such delay, interruption or stoppage shall not be counted against the Lessee under any provision of this lease.

16. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

17. In the event Lessor considers that Lessee has not complied with all of its obligations bereunder, either express or implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this lesse. Lessee shall then have sity (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor and consuch action shall be brought until the lapse of sixty (60) days after service of suid notice within the term of the service of said notice shall be precedent to the bringing of any action by Lessor and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee and Lessee has not taken the appropriate action to remedy the alleged breach. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations thereunder. This lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations.

18. For the same consideration recited in the first paragraph above, the Lessor hereby grants unto the Lessee, its successors and assigns, rights-of-way over, across and through the land hereinabove described for the purpose of installation, operation, maintenance, repair and replacement of one or more electric lines, and as well as one or more pipelines for the collection, gathering, and/or transmission of oil, gas, brines and other substances, together with rights-of-way for ingress, egress and passage over and across said lands for the purpose of conducting oil and gas exploration, production, operation, and product transmission activities upon said lands, or upon lands adjacent thereto or in the vicinity thereof. The rights-of-way hereby granted are severable from, and independent of, the oil and gas lease rights herein granted and such rights-of-way shall continue in existence so long as the same are utilized by the Lessee, its successors or assigns, even though the oil and gas lease rights may soone terminate. The Lessee (or the then holder of the rights-of-way) shall pay for any damages to growing crops or to said lands caused by its utilization of the rights-of-way hereby granted.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

David Goldal

| - mail and a second | | ACKNOWLEDGMENT-INDIVIDUAL |
|---------------------|---|--|
| STATE O | | |
| COUNTY | | SS |
| | BEFORE ME, the undersigned, a Notary Public | lic, in and for said County and State, on this |
| day of | , 2010, perso | onally appeared |
| | David Goldal, a single man | , to me known to be the identical person(s) described in and who executed the within and foregoing |
| instrument | of writing and acknowledged to me that he | duly executed the same as his free and voluntary act and deed for the uses and purposes therein |
| set forth. | | |
| | IN WITNESS WHEREOF, I have hereunto se | ny hand and affixed my notarial seal the day and year last above written. |

My Commission Expires:__

Notary Public Address BAYTEX SARRAN DAR 199

August 18, 2010

. .

Mr. David Goldal P.O. Box 265 909 Crest Drive Crosby, ND 58730

Re: Well Proposal Larsen 8-162-99H T162N-R99W Sec. 8: SWNE, NWSE, S2SE 160.00 gross, 160.00 net acres Divide County, ND

Via UPS No. 1Z E19 1W1 01 9166 2646

Dear Mr. Goldal,

This letter will serve as notice, pursuant to the provisions of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code, of the plans of Baytex Energy USA Ltd. ("Baytex") to drill the above-referenced well. As the owner of an unleased mineral interest in and under the above-described lands, Baytex, through its representatives, has, in good faith, made numerous attempts to lease your interests without success. Baytex's plans are as follows:

1. Baytex plans to drill the Larsen 8-162-99H well located in the NW/4 of Section 8, Township 162 North, Range 99 West, Divide County, North Dakota. Baytex proposes to drill a single horizontal lateral well to test the Three Forks formation within the Ambrose-Bakken Pool as defined by the North Dakota Industrial Commission at an approximate true vertical depth of approximately 8,570 feet. The lateral will have a bottom hole location approximately 550 feet from the south line and 550 feet from the east line of Section 8 T162N, R99W.

2. As set forth in the enclosed AFE for the Larsen 8-162-99H well, the estimated drilling and casing costs for this operation are \$2,218,000 and the estimated completed and equipped well costs are \$4,542,550.

3. Baytex has secured a rig and has plans to spud the Larsen 8-162-99H well on or about November 1, 2010.

4. Each working interest owner has thirty (30) days from receipt of this letter to accept or reject this well proposal. Baytex's records indicate that you own 160.00 net mineral acres or a 25.00% working interest in the proposed well. If you accept this well

688 Sourcements Survey - Relieptione 2013 2227 Sante House Lessenche Statistics 2790 Denver, CD 30202 - Ause barres alice

proposal and elect to participate in the drilling of the Larsen 8-162-99H well, please so indicate by executing the enclosed AFE and returning a copy of the AFE to the undersigned on or before thirty (30) days from the receipt of this letter.

5. If you elect not to participate in the proposed operation as outlined herein, please so indicate by marking the appropriate space provided below, executing this letter and returning it to Baytex on or before thirty (30) days from the receipt of this letter. Please take notice that in the event any owner offered an opportunity to participate hereby elects not to participate in the operations of the Larson 8-162-99H well, the participating owners plan to impose a risk penalty as provided by North Dakota law. Any nonparticipating owner may object to the risk penalty by either responding in opposition to the petition for a risk penalty, or if no such petition has been filed, by filing an application or request for hearing with the North Dakota Industrial Commission.

6. If you elect not to participate in the proposed operation as outline herein, and would rather execute a lease with Baytex being the Lessee, Baytex provides the following option for a six month lease using Baytex's lease form:

A lease covering your unleased mineral interest in Section 8, T162N-R99W, with a six month primary term, cash consideration of \$200.00 per net mineral acre, and a 20% royalty; plus a 6 month option to extend at \$200.00 per net acre.

If you have any questions, please do not hesitate to contact the undersigned at (303) 551-6452.

Very truly yours,

Lee Zink Landman

Larsen 8-162-99H Well Election

I/We elect to participate in Baytex's Well Proposal of the Larsen 8-162-99H.
 I/We elect <u>NOT</u> to participate in Baytex's Well Proposal of the Larsen 8-162-99H.
 Lease my interest in Section 8 to Baytex as per the leasing option above.

DAVID GOLDAL

By: Title: Date:

| | YY | | | AFE NO. Working Interest AFE WI. Amt | | 26.01 |
|-----------------------------|--|-------------------------|--|--|---------------------|--------------------------------|
| $b_{i} = \beta + i - b_{i}$ | it (a si | 8 x 1 x | Onshore Operations Authority For Expenditure | Total W.I. AFE Amt. | | \$ 7,135,833 |
| | | | | AFE Date | Working Interest | |
| | | | X Organia Supplemental No | | Procking Interests | Eponesised Conta |
| | | | Latogory Drixing Workever/Resomptation | | | |
| oject L | ARSEN | 8-162 | -99H | | epth TVD 8500tt. | Elevation GL 2096.0 ft. |
| ncation N | N to battom ho AYTEX ENERG | | nates located in the SE | | | County Divisis |
| his well to be | dnilled to an e | stimated - | ed to driff, complete and equip (OCE) a horizontal well tar -8590' TVD $I \sim$ 14, 500 ND. Completed with hydraulic star | | | maes located . |
| NTANGIB | | | | | | |
| NE Major Account | Nano: Account | GR Majar Arcount | ROSS INTANGIELE DRILLING Menor Account Account Onscription | (Lorwi | Completion & Equip | Totas |
| 3200 3200 | 1030 1032 | 9200 9200 | 1039 ENTRY FEE & INITIAL CONSIDERATION 1032 LICENSE & SURVEY | \$ 6,000 \$ 3,000 \$ | | \$ 6.000 \$ 3.000 |
| 3200 3200 3200 | 1034 2505 1038 | 9200 9200 9205 | 1034 LEASE PREPARATION 2565 SITE RESTORATION 1938 ROAD USE FEES | \$ | 30,000 | \$36,000 |
| 3206 3266 | 1100 | 9200 8200 | 1100 EDUPMENT RENTALS | \$ 140,000 \$ 150,000 | | \$ 140.000 \$ 150,000 |
| 3205 3200 | 1104 | 9200 9200 | 1104 TRUCKING & HAULING 2000 SUPERVISION | \$ 23,000 \$ 55,000 | | \$ 25,000 \$ 55,000 |
| 3200 3206 | 2225 2025 2510 | 9260 9260 | 2223 LEGAL/TITLE 2025 COMMUNICATION | \$ \$6,000 \$ \$3,000 \$ | | \$ 16,0% \$ 13,000 |
| 3200 3208 3290 | 2010 | \$200 \$200 \$200 | 2519 SAFETY SERVICES 2019 CONTRACT SERVICES 2500 ENVIRONMENTAL SERVICES | \$ 50,000 | | \$ 50.000 |
| 3200 3200 | 2005 | \$200 \$200 | 2005 COMPANY LABOUR | <u>\$</u> | | \$ |
| 3200 | 2020 | \$200 \$200 | 2020 CONSTRUCTIONS OCATION & ROAD 3130 RAT HOLE & CONDUCTOR PIPE | \$ 100,000 \$ 12,000 | | \$ 100.000 \$ 12.000 |
| 3200 3200 | 3125 | 9269 9260 | 3125 CASING SOWL 3109 SURFACE CASING & ATTACHMENTS | \$ 23,990 \$ 17,000 | | \$ 23,000 \$ |
| 3200 3200 3200 | 3126 3120 3115 | \$200 \$200 \$200 | 3105 CEMENTING SURFACE CASING 3120 PLUGS 3115 INTERMEDIATE CASING & ATTACHMENT | 3 . | | \$ 17.000 \$ |
| 3296 | 3110 | 9200 9200 | 3113 CEMENTING INTERREDUCTE CASING 3113 CEMENTING INTERREDUCTE CASING 3135 POWER TONGS | \$ 33,000 \$ 31,000 | | \$ 33.000 \$ 31,000 |
| 3200 3200 | 3292 | \$200 \$200 | 2292 RIG MOVE & RACKING COST 3210 ORILLING - METERAGE | \$ 86,000 \$ \$8,000 | | \$ 85 000 \$ 58.000 |
| 3200 3200 | 3205 | 9200 9200 | 3295 DRIELING - DAYWORK 3215 DRIELING - DRIECTIONAL | \$ 518,000 \$ 245,000 | | \$ 518,000 \$ 245,000 |
| 3206 5796 3298 | 3220 3284 3250 | 9260 9260 | 3294 RIG UP, TEAR OUT & STANDEY | 5 5 5 50,000 | | \$ 5 5 50 000 |
| 3200 3200 3200 | 3250 3254 3252 | 9200 9200 9200 | 3250 DRELING BITS 3254 MGD & CHEMICALE 3252 FISHING TOOL COSTS | 5 50,000 5 130,000 | | \$ 50,000 \$ 130,000 \$ |
| 3200 | 3235 3240 | 9200 9200 | 3235 CORING & ANALYSIS | \$ \$ 15,000 | | 5 5 15,00 |
| 3260 3260 | 3230 | 9200 9200 | 3230 DHILL STEM TEST. 3231 SUPERVISION - GEOLOGICAL | \$. \$ 32,050 | | \$ \$ 32,00 |
| 3200 | 3250 3265 3260 | 9208 9200 9200 | 3280 AIR TRANSPORTATION 3285 IGOVERNMENT INCENTIVES 3260 PRODUCTION CASING & ATTACHMENTS | <u>s</u> | | 1 1 5 |
| 3200 3200 3200 | 3260 3261 3135 | 9200 9200 | 3261 CEMENTING PRODUCTION CASING 3133 POWER TONGS | \$ | | <u>.</u> |
| 3295 3200 | 8096 9000 | 9200 9200 | 5096 ENGINEERING & DESIGN - 2% 5000 MISCELLANEOUS | \$ <u>.</u> \$ 50,000 | | 5 50,000 |
| 3200 3200 | 5000 8098 | 9200 %200 | 5000 INSURANCE 8098 OVERHEAD | \$ 19,000 | | \$ \$ 19,00 |
| 3250 3250 | T 2505 :100 | GR 9250 9259 | ROSS INTANGIBLE COMPLETION 2505 SITE RESTORATION 1100 EQUIPMENT RENTALS | | 33,000 | \$ 33.000 \$ 60.000 |
| 3250 | 1102 | 9250 9250 | 1102 POWER, FUEL & WATER HALLING 1102 POWER, FUEL & WATER HALLING 1104 TRUCKING & HAULING | | 75.000 | 3 75.000 |
| 3250 3250 | 2000 2025 | 9250 9250 | 2000 SUPERVISION 2025 COMMUNICATIONS | | 45.600 3,000 | \$ 45,600 \$ 3,000 |
| 3250 3250 | 2510 2010 | 9256 9256 | 2510 SAFETY SERVICES 2016 CONTRACT SERVICES | | | \$ 2,500 \$ 54,000 |
| 3250 3250 3250 | 2005 | 9250 9250 9250 | 2005 COMPANY LABOUR 2015 ENGINEERING 2016 LIDINE A REALTLINGUALIE | | 5,000 | \$ |
| 3250 | 3200 | 9250 | 3200 SERVICE RIG 3242 CASED HOLE LOGGING | | | \$ 30.000 \$ |
| 1250 3250 | 3244 3250 | 9250 9250 | 3244 SLICK LINE 3250 FRACTURING | | 725.000 | \$ \$ 775.000 |
| 3250 3260 | 3256 3262 | 9250 9250 | 3256 COMPLETION FLUIDS 3262 PRODUCTION TESTS | | | \$ <u>\$5.000</u> \$ 40,000 |
| 3250 3250 3250 | 3264 3266 3268 | 9250 9250 9250 | 3264 CIRCULATING 3266 DISPOSAL COSTS 3268 SNUBBING AND FISHING | | | \$ 67.500 \$ 75.000 |
| 2250 3250 | 8096 | 9250 9250 9250 | 8005 ENGINEERING & DESIGN - 2% 8005 MISCELLANEOUS | | | \$ 75.000 \$ 25.000 |
| 3250 3250 | 5000 8098 | 5250 9250 | 5006 INSURANCE 8098 OVERHEAD | | 19 000 | \$ \$ 19,000 |
| TANGIBLES | | ~~ | Total Inta CSS TANGIBLE DRILLING | ngibles \$ 1,876,000 1 | 1,354,600 | \$ 3,230,600 |
| 3230 3230 | T 3130 3100 | GR 9230 9250 | OSS TANGIBLE DRILLING 3130 CONDUCTOR CASING 3100 SURFACE CASING & ATTACHMENTS | \$ 42 000 | | |
| 3230 3230 | 3515 3312 | 9230 9239 | 3115 INTERMEDIATE CASING & ATTACHMENTI 3312 LINERS & UNER EQUIPMENT | 5 <u>\$ 306.000</u> | | |
| NE | | | IOSS TANGIBLE COMPLETION | ngibies \$ 342,000 | | <u>.</u> |
| 3300 3300 3300 | 1036 3260 3312 | 9300 9300 9300 | 1036 LEASE & ROAD UPGRADE 3260 PRODUCTION CASING & ATTACHMENTS 3312 LINERS & LINER EQUIPMENT | | 430,000 | \$ 14,000 \$ 430,000 \$ |
| 3300 3350 | 3500 | 9300 9300 | 3505 WELLHEAD & EQUIPMENT 3302 TUBING | | 22.000 42.000 | \$ 42.000 |
| 3300 3300 | 3304 3310 | 9300 9300 | 3304 SUCKER RODS 3310 BOTTOM HOLE PUMPS | | 36,000 12,600 | \$ 36,000 \$ 12,600 |
| 3390 3390 3390 | 3305 5000 5650 | 9300 9300 8300 | 2006 RETREVABLE DOWNHOLE COUP 2006 MESCELLANEOUS | | 9.250 | \$ 9,250 \$ 4,000 |
| 2/00 2/00 | 560C 8098 | 8300 8300 | 5000 INSURANCE 8096 OVERHEAD Total Ta | ngibles 5 - 1 | 569,650 | \$ \$ \$ 569,850 |
| NE 3340 | 1040 | \$340 | IDSS WELL EQUIPPING COSTS | | | * |
| 3340 3340 | 3422 | 9340 9340 | 3422 PURIPLACK AND BASE 3442 TREATERS | | 44,100 | 5 44,100 |
| 3340 3340 3340 | 3450 3448 3312 | 9340 9340 9340 | 3460 TANKS 3446 HEATERS 3312 LINE PIPE & COATING | | | \$ 84,000 \$ \$ 12,600 |
| 3340 3340 | 3432 | 9340 9340 9340 | 3312 LINE PIPE & COATING 3432 METERS & INSTRUMENTS 3308 VALVES & FITTINGS | | 3,900 | |
| 3340 3340 | 3440 3445 | 9340 9340 | 3440 COMPRESSORS 2446 DENYDRATORS | | | \$ 42.000 \$ |
| 3340 | 3444 | 9340 9340 | 3444 SEPARATORS 3720 PERMANENT ROADS | | | \$ \$ |
| 3340 3340 3340 | 3710 3435 3434 | 9340 9340 9340 | 3710 BUILDINGS & FOUNDATIONS 3436 ELECTRICAL EQUIPMENT 3434 INSTRUMENTATION | | 11,090 | \$ <u>11000</u> \$ · · · |
| 3340 3340 | 8000 5000 | 9340 9340 | BOCO MISCELLANEOUS | | 32,500 | \$ 32.500 \$ |
| 3340 | 8098 | 9340 | 8058 CVERHEAD Total Well Equ | vipping 5 - S | 400,100 | |
| pprovals | | | TOTAL COST | \$ 2,218,000 \$ | 2,324,550 | |
| *** | | By | | Сотралу | | |
| ne i | | By | | Сотрану | | |

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BAYTEX

ENERGY USA LTD

August 18, 2010

· · ·

Mr. David Goldal P.O. Box 265 909 Crest Drive Crosby, ND 58730

Re: Well Proposal Larsen 8-162-99H T162N-R99W Sec. 8: SWNE, NWSE, S2SE 160.00 gross, 160.00 net acres Divide County, ND

Via UPS No. 1Z E19 1W1 01 9166 2646

Dear Mr. Goldal,

This letter will serve as notice, pursuant to the provisions of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code, of the plans of Baytex Energy USA Ltd. ("Baytex") to drill the above-referenced well. As the owner of an unleased mineral interest in and under the above-described lands, Baytex, through its representatives, has, in good faith, made numerous attempts to lease your interests without success. Baytex's plans are as follows:

1. Baytex plans to drill the Latsen 8-162-99H well located in the NW/4 of Section 8, Township 162 North, Range 99 West, Divide County, North Dakota. Baytex proposes to drill a single horizontal lateral well to test the Three Forks formation within the Ambrose-Bakken Pool as defined by the North Dakota Industrial Commission at an approximate true vertical depth of approximately 8,570 feet. The lateral will have a bottom hole location approximately 550 feet from the south line and 550 feet from the east line of Section 8 T162N, R99W.

2. As set forth in the enclosed AFE for the Larsen 8-162-99H well, the estimated drilling and casing costs for this operation are \$2,218,000 and the estimated completed and equipped well costs are \$4,542,550.

3. Baytex has secured a rig and has plans to spud the Larsen 8-162-99H well on or about November 1, 2010.

(c) - a -

4. Each working interest owner has thirty (30) days from receipt of this letter to accept or reject this well proposal. Baytex's records indicate that you own 160.00 net mineral acres or a 25.00% working interest in the proposed well. If you accept this well

> Snite 16005 Denser, CO 40202

> >

600 Secontecistis Surga | Telephone 303.325.2777 Parsmile 343,825,2790 www.havtes.ab.ca

proposal and elect to participate in the drilling of the Larsen 8-162-99H well, please so indicate by executing the enclosed AFE and returning a copy of the AFE to the undersigned on or before thirty (30) days from the receipt of this letter.

5. If you elect not to participate in the proposed operation as outlined herein, please so indicate by marking the appropriate space provided below, executing this letter and returning it to Baytex on or before thirty (30) days from the receipt of this letter. Please take notice that in the event any owner offered an opportunity to participate hereby elects not to participate in the operations of the Larson 8-162-99H well, the participating owners plan to impose a risk penalty as provided by North Dakota law. Any nonparticipating owner may object to the risk penalty by either responding in opposition to the petition for a risk penalty, or if no such petition has been filed, by filing an application or request for hearing with the North Dakota Industrial Commission.

6. If you elect not to participate in the proposed operation as outline herein, and would rather execute a lease with Baytex being the Lessec, Baytex provides the following option for a six month lease using Baytex's lease form:

A lease covering your unleased mineral interest in Section 8, T162N-R99W, with a six month primary term, cash consideration of S200.00 per net mineral acre, and a 20% royalty; plus a 6 month option to extend at \$200.00 per net acre.

If you have any questions, please do not hesitate to contact the undersigned at (303) 551-6452.

Very truly yours,

Lee Zink Landman

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Larsen 8-162-99H Well Election

 I/We elect to participate in Baytex's Well Proposal of the Larsen 8-162-99H.

 X
 I/We elect NOT to participate in Baytex's Well Proposal of the Larsen 8-162-99H.

 Lease my interest in Section 8 to Baytex as per the leasing option above.

DAVID GOLDAL

By: David Holdal Title: Date: 9-15-2010

| B | AYT | EX | | AFE NO. Working Interest | | U10030014 |
|----------------------|---|----------------------|---|-------------------------------|---------------------------------------|---|
| | | | •••• | AFE WI. Amt | | 75.0% |
| | | | Onshore Operations Authority For Expenditure | Total W.I. AFE Amt. | | <u>\$ 1 :35 838</u> |
| | | | | AFE Date | Working Internet | Partoars |
| | | | C Organia Supplemental No | | Working Interest Working interests | Permers Estmated Cauls |
| | | Cat | egory X Define | | | |
| | | | X Driving Workaver/ Resempletion Production Sectific (Jacobia Evenue A Only) | | | |
| | | | Production Facility (Tangitas Expenses Only) Repairs | | | |
| nject | LARSEN 8 | 1-162-99 | IH | Depth MD -14500ft. | | Elevation GL 2096.0 ft. |
| une mation | NW to bettern hol | e coordinates | s located in the SE | -1430UT. | ~8500h | County Divide |
| | BAYTEX ENERGY | | driff, complete and equip (DCE) a horizontal well targetir | on the Threeforks Formatio | n trom surfara znordi | was invated |
| is well to | be dnilled to an es days spud - rig re | finsated ~\$500 | 0' TVD / -14, 500 MD. Completed with hydraulic stage fr | acture and fied into a single | : weil battery. | |
| TANGI | BLES | 11.11 | | | | |
| nciaw | VET Minor | GROSS Major | Minu | | | |
| Account 3200 | Account 1030 | Account 9260 | Account Account Description 1030 ENTRY FEE & INITIAL CONSIDERATION | 52W <u>8 6.000</u> | Completion & Equip | Tata: 5 |
| 3290 3290 | 1032 1034 | 9200 9200 | 1032 LICENSE & SURVEY 1034 LEASE PREPARATION | \$ 3,000 5 - | | \$ 3.000 |
| 3206 3208 | 2505 1038 | 9200 9205 | 2505 SITE RESTORATION 1038 ROAD USE FEES | \$ \$ \$40,000 | \$ 30,000 | \$. |
| 3290 3200 | 1 100 3 102 | 9200 \$200 | 1100 EQUIPMENT RENTALS 1102 POWER, PUEL & WATER HAULING | \$ 150,000 | | \$ 150,000 |
| 3200 3200 | 104 2000 | 9200 9200 | 1154 TRUCKING & HAUUNG 2030 SUPERVISION | \$ 25.000 \$ 35.000 | | \$ 25,000 \$ 55,000 |
| 3200 3200 | 2225 2025 | \$263 5209 | 2225 LEGAL/TITLE 2025 COMPUNICATION | \$ 16.000 \$ 13.000 | | \$ 16,200 \$ 13,008 |
| 3200 | 2510 2010 | \$200 \$205 | 2510 SAFETY SERVICES 2010 CONTRACT SERVICES | \$ 50,000 | | s |
| 3290 3200 | 2500 2005 | 9200 9200 | 2500 ENVIRONMENTAL SERVICES 2005 COMPANY LABOUR | <u>s</u> | | \$ |
| 3200 3206 | 2015 2026 | 8200 5200 | 2015 ENGINEERING 2020 CONSTRUCTIONS DEATION & ROAS | \$ \$ 100,000 | | \$ \$ 100,000 |
| 3200 3200 | 3130 3125 | \$200 \$200 | 3130 RAT HOLE & CONDUCTOR PIPE 3125 CASING SOWL | \$ 12,000 \$ 23,000 | | \$ (2.000) \$ 23.000 |
| 3200 3200 | 3106 | 9200 9200 | 2100 SURFACE CASING & ATTACHMENTS 2105 CEMENTING SURFACE CASING | \$ 17,000 | | s 37.000 |
| 3200 3200 | 3120 | 9200 9200 | 3120 PLUGS 3115 INTERMEDIATE CASING & ATTACHMENTS | 3 | | \$ \$ |
| 3296 3290 | 3410 3135 | 9200 9200 | 3110 CEMENTING INTERMEDIATE CASING 3135 POWER TONGS | \$ 33,000 \$ 31,000 | | \$ 33.000 \$ 31.000 |
| 3200 3200 | 3292 3210 | 8203 \$200 | 2792 RIG MOVE & RACKING COST 3210 DRILLING - METERAGE | \$ 85,000 \$ 59,000 | | \$ 85.000 \$ 58.000 |
| 3200 3200 | 3205 | 9200 9200 | 3295 DRILLING - DAYWORK 3215 DRILLING - DRIECTIONAL | \$ 518,000 \$ 245,000 | | \$ \$18,000 \$ 245,000 |
| 3206 | 3220 3294 | 9200 9200 | 3220 CAMP & SUBSISTENCE 3294 RIG UP, TEAR OUT & STANDBY | \$ \$ | | <u>.</u> |
| 3200 3200 | 3250 3254 | 9200 9200 | 1250 DRILLING BITS 1254 MUD & CHEMICALE | \$ 50,000 \$ 130,000 | | \$ 50,000 \$ 130,000 |
| 3200 3200 3200 | 3252 3252 3235 | \$200 \$200 | 3254 MED A CHEMICKER 3252 FISHING TOOL COSTS 3235 CORING & ANALYSIS | \$ | | 3 / · · · · · · · · · · · · · · · · · · |
| 3200 3200 3200 | 3235 3240 3230 | 9200 9200 9200 | 3235 CORING & MINE 1915 3240 DPEN HOLE LOGGING 3230 DHILL STEM TEST | 3 15,000 S | | \$ 15,500 \$ |
| 3200 3200 | 3230 3231 3280 | 9200 9200 9200 | 3230 OHEL STER TEST 3231 SUPERVISION - GEOLOGICAL 3250 AIR TRANSPORTATION | \$ 32,000 | | \$ 32,000 |
| 3200 3200 3200 | 3255 3255 3260 | 9200 9200 9200 | 3255 AIK TRANSPORTATION 3255 SOVERNMENT INCENTIVES 3260 PRODUCTION CASING & ATTACHMENTS | 3 | | ; ; |
| 3200 3200 3200 | 3261 3135 | 9200 | 3261 CEMENTING PRODUCTION CASING 3135 POWER TONGS | <u>s</u> | | š 3 · |
| 3200 3205 3205 | 8096 8000 | 9200 9200 9200 | 5036 ENGINEERING & DESIGN - 2% 5030 MISCELLANEOUS | \$ 50,000 | | 5 50,000 |
| 3200 | 5600 | 9200 9200 9200 | SCOU MISCELLAREOGS SCOG INSURANCE 8098 OVERHEAD | 19.000 19.000 | | \$ <u>·</u> \$ 10,002 |
| 3200 | 6098 NET 2505 | 9250 GROS | S INTANGIBLE COMPLETION 2405 SITE RESTORATION | | b 33,000 | |
| 3250 3250 3250 | 2505 1100 1102 | 9250 9250 9250 | 1100 EQUIPMENT RENTALS 1102 POWER, FUEL & WATER HAUGING | | \$ 30,000 \$ 30,000 \$ 75,000 | \$ 60,000 \$ 75,000 |
| 3260 | 1102 1104 2000 | 9250 9250 9250 | 1102 POWER, FUEL & WATER HAULING 1104 TRUCKING & HAULING 2000 SUPERVISION | | \$ 45.600 | \$ - \$ 45,600 |
| 3250 3250 3250 | 2025 | 9250 9250 9250 | 2000 SUPERVISION 2026 COMMUNICATIONS 2510 SAFETY SERVICES | | 3 3,000 3 2,500 | \$ 3,000 \$ 2,500 |
| 3250 3250 | 2510 2010 | \$250 | 2010 CONTRACT SERVICES | | \$ <u>2.300</u> \$ <u>54.000</u> | 5 54.000 5 |
| 3250 3250 | 2005 2015 | 9250 9250 | 2005 COMPANY LABOUR 2015 ENGINEERING 1036 LUASE & ROAD UPGRADE | | \$ 5.600 | \$ \$ 5.020 |
| 3250 3250 | 1636 | 9250 | 3700 SERVICE RIG | | \$ 30,000 \$ 30,000 | 5 30.000 |
| 3250 3250 | 3244 | 9250 9250 | 3242 CASED HOLE LOGGING 3244 SUICK LINE | | s 725.000 | s s 725.030 |
| 3250 3250 | 3250 3256 | 9250 9250 | 3256 FRACTURING 3256 COMPLETION FLUIOS 3252 PRODUCTION TESTS | | \$ 725,000 \$ 65,000 \$ 40,000 | |
| 3260 3255 | 3262 3254 | 9250 9250 | 3262 PRODUCTION TESTS 5264 CIRCULATING 5266 DISPOSAL COSTS | | s 67.500 | \$ 67,500 |
| 3230 3250 | 5260 3268 | 9250 9250 | 3268 SNUEBING AND FISHING | | \$ 75,000 | s 75.000 s - |
| 1250 3250 | 8000 | 9250 9250 | 8006 ENGINEERING & DESIGN - 2% 8000 MISCELLANEOUS | | \$ 25,000 | 5 5 25.000 |
| 3250 3250 | | 5250 9250 | 5000 INSURANCE 8098 OVERHEAD | (h) + | \$ 19,000 | \$ 19.000 \$ 3,230,600 |
| TANGIBL | | | Total Intang | ibles \$ 1,876,000 | \$ 1,354,600 | • 3,430,690 |
| 3230 | NET 3130 | GROS 9230 | 3132 CONDUCTOR CASING | | | |
| 3230 3230 | 3515 | 9230 9230 | 3103 SURFACE CASING & ATTACHVENTS 3115 INTERMEDIATE CASING & ATTACHMENTS | \$ 42.000 \$ 300.000 | | |
| 3230 | | 9230 | 3312 LINERS & UNER EQUIPMENT Total Tang | ibies \$ 342,000 | | |
| 3300 | | GROS 9300 | 1036 LEASE & ROAD UPGRADE | | s :4,000 | \$ *4 000 \$ 430 000 |
| 3350 3300 | 3312 | 9360 9300 | 3260 PRODUCTION CASING & ATTACHMENTS 3312 LINERS & LINER EQUIPMENT | | \$ 430,000 5 - | s . |
| 3300 3350 | 3302 | 9300 9300 | 2503 WELLHEAD & EQUIPMENT 3302 TUBING | | \$ 22 000 \$ 42 000 | \$ 42,000 |
| 3358 3366 | 3304 3310 | 9300 9300 | 3304 SUCKER RODS 3310 BOTTOM HOLE PUMPS | | \$ 36,000 \$ 12,600 | \$ 32,600 |
| 3300 3300 | 3305 | 9300 9300 | 2005 RETREVABLE DOWNHOLE COUP 2000 MISCELLANEOUS | | \$ 9.250 \$ 4,000 | \$ 4,000 |
| 3300 3300 | 5000 | 9300 9300 | SODO INSURANCE 8096 OVERHEAD | | <u></u> | 5 |
| | NET | GROS | | ibles \$ | \$ \$69.850 | |
| 3340 3340 | 3422 | 9340 9340 | 1040 SITE FENCING 3422 PUMPJACK AND BASE | | \$ 170.000 | |
| 3340 3340 | 3442 3450 | 9340 9340 | 3442 TREATERS 3460 Tanks | | \$ 44,100 \$ 84,000 | |
| 3340 3340 | 3448 3312 | 9340 9340 | 3448 HEATERS 3312 LINE PIPE & COATING | | \$ 12.600 | \$ \$ \$2.600 |
| 3340 2340 | 5432 3308 | 9340 9340 | 3432 METERS & INSTRUMENTS 3108 VALVES & FITTINGS | | \$ 3,900 \$ 42,000 | \$ 42.000 |
| 3340 3340 | 3440 3446 | 9340 9340 | 3440 COMPRESSORS 3446 DEHYDRATORS | | | \$ |
| 3340 3340 | 3720 | 9340 9340 | 3444 SEPARATORS 3720 PERMANENT ROADS | | | 3 |
| 3340 3340 | 3710 3435 | 9340 9340 | 3710 BUILDINGS & FOUNDATIONS 3435 ELECTRICAL EQUIPMENT | | \$ 11 000 | \$: : 000 \$ |
| 3340 3340 | 0006 | 9340 9340 | 3434 INSTRUMENTATION 8000 M-SGELLANECOUS | | \$ 32,500 | \$ \$ 32,500 |
| 3340 3340 | 5000 | 9340 9340 | 5900 INSURANCE 8058 OVERHEAD | | <u>.</u> | |
| | | | Total Well Equip TOTAL COST | pping \$ \$ 2,218,000 | \$ 400,100 \$ 2,324,550 | |
| Approval | s | | | | <u></u> | |
| əte | + | By | | Сстрепу | | |
| als | | By | | Company | | |

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OF THE STATE OF NORTH DAKOTA

CASE NO.

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 N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1, and such other and further relief as is appropriate.



PETITION OF BAYTEX ENERGY USA LTD.

Baytex Energy USA Ltd. ("Baytex"), respectfully shows the North Dakota Industrial

Commission ("Commission") as follows:

1.

That Baytex is an owner of an interest in the oil and gas leasehold estate in Section 8,

Township 162 North, Range 99 West, Divide County, North Dakota ("Section 8").

2.

That Baytex is the operator of the Larsen 8-162-99H well, drilled in the Northwest

Quarter of the Northwest Quarter (NW/4NW/4) of Section 8.

3.

That Section 8 constitutes the spacing unit for the Larsen 8-162-99H well in the Ambrose-Bakken Pool.

That by application submitted to the Commission and to be heard on January 13, 2011, Baytex has made application for an order pooling all interests in a spacing unit for the Ambrose-Bakken Pool described as all of Section 8.

5.

That Section 38-08-08(3) of the North Dakota Century Code provides that if an owner of an interest in a spacing unit elects not to participate in the risk and cost of drilling a well, the owner paying for the nonparticipating owner's share of the drilling and operation of a well may recover from the nonparticipating owner a risk penalty involved in drilling the well.

6.

That the following owner has elected not to participate in the drilling and completion operations of the Larsen 8-162-99H well:

(a) David Goldal

7.

That the interest of the foregoing is unleased.

8.

That as to the foregoing unleased mineral owner, Baytex has made a good faith attempt to lease the same but was unsuccessful.

9.

That a well proposal was forwarded to the above-referenced unleased mineral owner and said owner failed or refused to respond to the same, or elected not to participate.

10.

That the Larsen 8-162-99H well was spud on November 8, 2010.

That Baytex therefore requests that the Commission enter its order authorizing the recovery of a risk penalty from certain non-participating owners, as provided by N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1 and such other and further relief as is appropriate.

WHEREFORE, Baytex requests the following:

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(a) That this matter be set for the regularly scheduled March 2011 hearings of the Commission;

(b) That pursuant to Section 43-02-03-88.2 of the North Dakota Administrative Code,Baytex's witnesses in this matter be allowed to participate by telephonic means; and

(c) That thereafter the Commission issue an order granting the relief requested and such other and further relief as the Commission may deem appropriate.

DATED this 21st day of February, 2011.

FREDRIKSON & BYRON, P.A.

By

LAWRENCE BENDER, ND Bar #03908 Attorneys for Applicant Baytex Energy USA Ltd. 200 North 3rd Street, Suite 150 Post Office Box 1855 Bismarck, North Dakota 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 21st day of February, 2011.

Notary Public My Commission Expires: _____

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OF THE STATE OF NORTH DAKOTA

CASE NO.

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 N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1, and such other and further relief as is appropriate.

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NOTICE OF HEARING

PLEASE TAKE NOTICE that Baytex Energy USA Ltd. filed the above-referenced application with the North Dakota Industrial Commission.

A hearing will be held at 9:00 a.m. on March 24, 2011 at the Department of Mineral Resources Conference Room, Oil and Gas Division, 1016 East Calgary Avenue, Bismarck, North Dakota, to consider the request of Baytex Energy USA Ltd.

As noted in the attached application, the applicant is requesting the authority to impose a risk penalty against any nonparticipating owner electing not to participate in the drilling of the contemplated well. Any nonparticipating owner may object to the risk penalty by responding in opposition to the application. In the event a nonparticipating owner objects, the applicant reserves the right to request a continuance to the next regularly scheduled hearing to allow sufficient time to respond to the objection.

DATED this 21st day of February, 2011.

FREDRIKSON & BYRON, P.A.

By_

LAWRENCE BENDER, ND Bar #03908 Attorneys for Applicant Baytex Energy USA Ltd 200 North 3rd Street, Suite 150 Post Office Box 1855 Bismarck, North Dakota 58502-1855 701-221-4020

OF THE STATE OF NORTH DAKOTA

CASE NO.

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 N.D.C.C. § 38-08-08 in the drilling and completing of the Larsen 8-162-99H well located in a spacing unit described as Section 8, Township 162 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to N.D.A.C. § 43-02-03-88.1, and such other and further relief as is appropriate.



CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the following documents:

- 1. Petition of XTO Energy Inc.;
- 2. Notice of Hearing; and
- 3. Affidavit of Lee Zink

was on the 21st day of February, 2011 served by placing the same in the United States mail, with

postage prepaid, certified mail, return receipt requested, at Bismarck, North Dakota, properly

addressed to the following:

Mr. David Goldal P.O. Box 265 909 Crest Drive Crosby, ND 58730

4881486 1.DOC

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, March, 24, 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, March 11, 2011. STATE OF NORTH DAKOTA TO: Case No. 14372: 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 1600-acre spacing unit comprised of Sections 29, 30, 31 and 32, T.164N., 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. 14427: 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.

> Signed by, Jack Dalrymple, Governor Chairman, ND Industrial Commission (3-2)

March 24, 2011



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:

| March 2, 2011 | | 53 lines | s @ .62 = 32.86 |
|---------------|--|-------------------|--|
| TOTAL CHARGE. | | | \$32.86 |
| | Signed | t vatat Steven | J. Andrist, Publisher |
| | Subscribed and sworn to before r | ne March 2, 2011 | |
| | Vonni A. a | Indusor | |
| | | Notary Public S | Vonni L. Anderson State of North Dakota |
| × | | Hotary Fabilo, C | |
| | VONNI L. ANDERSON Notary Public State of North Dakota mmission Expires Aug. 2, 2011 | | |
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| | | | |

| CIL & GAS DIVISION 600 E BLVD AVE #405 BISMARCK ND 58505 | March 24, 20 Bismarck Tribune Classified Advertising Invoice In State 701-250-8218 Toll free 800-472-2273 |
|---|---|
| Date Order # Tvoe Order Amt 03/03/11 20498656 INV 717.44 Amount Paid: CK #: | CREDIT CARD PAYMENT (circle one) |
| Date Date Times Run Description 03/03/11 03/03/11 1 Bismarck Tribune 03/03/11 03/03/11 1 Bismarck Tribune PO:Notice of Hearing PO:Notice of Hearing Affidavit of Publication State of North Dakota SS County of Burleigh Before me a Notary Public for the State of North Dakota personality appeared Who being duly sworn, depose and says that he (shot is the Cher.) of Burleigh Before me a Notary Public for the State of North Dakota personality appeared Who being duly sworn, depose and says that he (shot is the Cher.) of Burleigh Bismarck Tribune State of North Dakota State of North Dakota Notary Public is and for the State of North Dakota State of North Dakota Bismarck Tribune My Commission Expires July 22, 2015 Wy Commission Expires July 22, 2015 Vision Public is and for the State of North Dakota Bismarck Tribune Www.bismarcktribune.com PO BOX 4001 | The North Dakota Industrial Commission Will hold a public hearing at 900 am. Thursday, <u>March 24, 2011</u>, at the ND. Oil & Gas Division, 1016 East Calgary Ounty, ND, define the field limits, and enact such special field rules as may be necessary. Continental such special field rules as may be necessary. Continental 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. DYARD TH DISABILITIES: If at the hearing you need special facilities or assistance, contact the Oil and Gas. DYARD TH DAKOTA TO: STATE OF NORTH DAKOTA TO: State below, takis notice. Methed limits, and enact such special field rules as and enact such special field rules as may be necessary. Continental Resources, Inc. Tor an order amending the field rules for the Elim Tirce-Bakken Pool to create a 12560-acre spacing to the drilling of up to four horizontal well within said 2560-acre spacing unit; eliminating any tool error equirements and such other relief as is apropriate. Sase No. 14352; Application of Anschutz Spoloration Corp, for an order expacing the field uses as norder expacing the field rules as on dye antionic site as is appropriate. Sase No. 14352; Application of Anschutz Spoloration Corp, for an order expacing the field rules as norder expacing the field rules as any be necessary. Sase No. 14352; Application of Anschutz spropriate. Sase No. 14352; Application of Anschutz spatoritic comprised of Sections 1 and 9.7.143N, R.96W, McKenzie C |

drilling of a total of not more than four wells on each spacing unit, eliminating any tool errør requirements and such other relief as is appropriate.

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amending the field rules for the South Fork-Bakken Pool to create and establish four 1280-acre spacing units comprised of Sections 13 and 14; Sections 15 and 16;

Sections 21 and 22, T.149N., R.93W.,

authorizing the drilling of one horizontal elief as is appropriate. well on said spacing unit and such other

Asse No. 14364: Application of Enerplus Asse No. 14375: Application of Denbury Case No. 14381; Application of Samson Case No. 1405; (Continued) Application Zase No. 14396: Application of Continental Resources (U.S.A.) Inc. for an order Onshore, LLC for an order extending the Resources Co. for an order extending of Zenergy Operating Co., LLC for an Resources, Inc. for an order pursuant to extending the field boundaries and field boundaries and amending the field the field rules for the Ross-Bailden Pool to order extending the field boundaries and NDAC § 43-02-03-88.1 pooling all interests rules for the Camp-Bakken Pool to create and establish a 1280-acre spacing amending the field rules for the Van Hook-and establish a 1280-acre spacing unit unit comprised of Sections 21 and 28 Bakken Pool to create and establish a 3840-comprised of Sections 4 and 9, T.152N., T.156N., R.91W., Mountrail County, ND acre spacing unit comprised of Sections R.101W, McKenzie County, ND, authorizing authorizing the drilling of one horizontal 4, 5, 6, 7, 8 and 9, T.150N., R.91W,

Sections 21 and 22; and Sections 23 and 24, the drilling of one horizontal well on well on said spacing unit and such other relief as is appropriate. T.148N., R.93W., Dunn County, ND, authorizing the drilling of a total of not more than ing the drilling of a total of not more than four wells on each spacing unit, and such other relief as is appropriate. eliminating any tool error requirements and such other relief as is appropriate. eliminating any tool error requirements and such other relief as is appropriate. eliminating any tool error requirements and such other relief as is appropriate. eliminating the field boundaries and arequirements and such other relief as is appropriate. eliminating the field soundaries and arequirements and such other relief as is appropriate. eliminating the field rules for the Mandaree-Bakken Pool to create and establish three 1200 fire 640 acres spacing units comprised of Sections 21 and 42, 7L149N., R.93W., McKenzie County, Section 23 and the N/2 of Section 20 and the N/2 of Section 20, the field limits, and enact such special field rules Sections 3 and 42, TL149N., R.93W, McKenzie County, Section 19 and the S/2 of Section 20; as may be necessary. Sections 21 and 22, TL149N., R.93W, McKenzie County, Section 19 and the S/2 of Section 20; as may be necessary. horizontal well on each spacing unit and S/2 of Section 19 and the S/2 of Section 20; as may be necessary.

Sections 21 and 22, T.149N., R.93W., horizontal well on each spacing, unit and 32 of Section 19 and the S/2 of Section 20 as may be necessary. Dunn County, ND, authorizing the drilling such other relief as is appropriate. on each spacing unit, eliminating any tool the sources, Inc. for an order extending the and McLean Counties, ND, authorizing field boundaries and amending the field boundaries and stablish a 1280-acre spacing unit and such other relief as is appropriate. Asse No. 14366: Application of Enerplus to create and establish a 1280-acre spacing appropriate. Mesources (U.S.A.) Inc. for an order the stablish a 1280-acre spacing appropriate. Mesources (U.S.A.) Inc. for an order destablish a 1280-acre spacing appropriate. Tase No. 14366: Application of Enerplus to create and establish a 1280-acre spacing appropriate. Mesources (U.S.A.) Inc. for an order the field boundaries and such other relief as the field boundaries and stablish a 1280-acre spacing appropriate. Mesources (U.S.A.) Inc. for an order the drilling of a total of not extending the field boundaries and said spacing unit and such other relief as and one horizontal well on extending the drilling of one horizontal well on extending the field boundaries and another the drilling of one horizontal well on extending the field boundaries and said spacing unit and such other relief as and of the traiting of one horizontal well on extending the field boundaries and said spacing unit and such other relief as an order the drilling of one horizontal well on extending the field boundaries and said spacing unit and such other relief as and other relief as and other relief as a drift rules for the Eagle Nest. The provide of the trait appropriate and the drilling of a total of not extending the field boundaries and said spacing unit and such other relief as a mending the field rules for the Heart is appropriate.

extending the field boundaries and 1130N, K31W, Mountral County, ND, Hawk Development, LLC for an order the drilling of one horizontal well on in a spacing unit described as Sections 6 and amending the field rules for the Eagle Near autorizing the drilling of a total of not extending the field rules for the Heart is appropriate. Bakken Pool to create and establish three borizontal wells on said amending the field rules for the Heart is appropriate. Sections 25 and 36, T.149N, R.95W, requirements and such other relief as is 3840-arce spacing unit comprised of Production Co. for an order create and establish and Sections 30 and 31, appropriate. Sections 21, 22, 27, 28, 33 and 34, T.150N, I.280-acre drilling on a order create and establish and sections 10 and propriate. Sections 21, 22, 27, 28, 33 and 34, T.150N, I.280-acre drilling on a order create and establish advectors, ND, ease No. 1430: Application of Newfield authorizing the drilling of a total of not externeding the field well on said spacing unit and such other drilling of a total of not more than four where than four wells on each spacing unit, rules for the Painted Woods-Bakken Pool, relief as is appropriate. Sections 21, 22, 27, 28, 33 and 34, T.150N, I.280-acre drilling of a total of not more than four in a spacing unit described as Sections 18 and 19, T.150N, R.99W, South Tobacco spacing in the Lake Trenton Field, to create Hawk Development, LLC for an order requirements and such other relief as is appropriate. Sections 21, 22, 27, 28, 34, Application of Socted tool error requirements and such other Bakken Pool, Relief as is appropriate. Sections 21, 22, 27, 28, 34, Application of Socted tool error requirements and such other Bakken Pool, Relief as is appropriate. Sections 21, 20, 20, 34,

McKenzie County, ND, authorizing the Wells on each spacing unit, eliminating any McLean and Dunn Counties, ND, drilling of a horizontal well within said 11,T,150N, R.99W, South Tobacco Garden-drilling of a total of not more than four tool error requirements and such other authorizing the drilling of one horizontal drilling unit and such other relief as is appropriate. The spacing unit, eliminating any Field as a appropriate. Tesources, Inc. For an order creating field fase No. 14385: Application of Spotted Of Newfield Production Co. for an order data well on said spacing unit and such other spacing unit and such other authorizing the field for an order data well on said spacing unit and such other appropriate. Tesources, Inc. For an order creating field fase No. 14385: Application of Spotted Of Newfield Production Co. for an order data well on shore, LLC for an order data well on shore, LLC for an order data well on shore. LLC for an order data well on shore, LLC for an order data well on shore. LLC for an order parsing unit described as Sections 3 and Corp. #17A-20-1H Henry Bad Gun, NENE Sections 25 and 36. Sections 26 and 35. Well and amending the field rules for the Deep Williams County, ND, authorizing the in a spacing unit described as Sections 3 and Corp. #17A-20-1H Henry Bad Gun, NENE Sections 27 and 34: and Sections 26 and 35. Well and a mending the field rules for the Deep Williams County, ND, authorizing the in a spacing unit described as Sections 3 and Corp. #17A-20-1H Henry Bad Gun, NENE Sections 27 and 34: and Sections 26 and 35. Well and sections 26 and 35. Well and sections 26 and 35. Well and sections 28 and 33. TI4NN, R1014W, Williams County, ND, comprised of Section 7 and the drilling unit, eliminating any tool error requirements and unit Well in ficulting the drilling unit elimitation of the rules as may be necessary. Mot define the field limits, and enact such Tiells as inspropriate. Co. #34-34H Oukrop, SWSE Section 3 and annending the field Sace No. 1438: Application of Newfield Sing

 124 PMO. 1406.1 (Continued)
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provided by NDCC § 38-08-08 and such

in a spacing unit described as Sections 1 and 12, T.146N., R.98W., Mary-Bakken Pool, McKenzie County, ND as provided by NDCC § 38-08-08 and such other relief as

NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 5 and 8,T.150N, R.99W, Tobacco Garden-Bakken Pool, McKenzie County, ND as provided by NDCC § 38-08-08 and such other relief as

is appropriate. ase No. 14399: 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 Sections 6 and 7, T. 150N., R.99W., Tobacco Garden-Bakken

Tioga-Bakken Pool, Burke County, ND as

arch 24 smarck Case No. 14420: Application of EOG

7, T. I 50N., R.97W., Siverston-Bakken Pool, McKenzie County, ND as provided by tool error requirements and such other NDCC § 38-08-08 and such other relief as relief as is appropriate. s appropriate

Case No. 14410: Application of Denbury Onshore, LLC for an order pursuant to drilling, completing and producing of a total NDAC § 43-02-03-88. I pooling all interests of not more than two wells on each 1280-Respecting unit described as Sections 5 and acre spacing unit described as Sections 5 8, T.149N., R.97W. Siverston-Bakken Pool, and 8, Sections 6 and 7, and Sections 18 and McKenzie County, ND as provided by 19, T.154N., R.103W., Round Prairie Pattern NDCC § 38-08-08 and such other select s appropriate

is appropriate. <u>Case No. 14411</u>; Application of Denbury relief as is appropriate. Onshore, ILC for an order pursuant to MDAC § 43-02-03-88.1 pooling all interests petition for a risk penalty of XTO Energy, in a spacing unit described as Sections 6 and Inc. requesting an order authorizing the spacing unit described as Sections 6 and 7, T. 149N., R.97W., Siverston-Bakken Pool, recovery of a risk penalty from certain McKenzie County, ND as provided by non-participating owners, as provided by NDCC § 38-08-08 and such other relief as NDCC § 38 08 08 in the drilling and is appropriate. appropriate

ase No. 14412: Application of Hunt Co. for an order pursuant to NDAC \S 43-02-03-88.1 pooling all interests in MCGregor-Bakken Pool, Williams County, R.95W, a spacing unit described as Sections | ND, pursuant to NDAC \S 43-02-03-88.1, and 12, T.146N, R.93W, Wolf Bay- and such other relief as is appropriate. Bakken Pool, Dunn County, ND as provided Case No. 14423: Application of XTO Energy by NDCC \S 38-08-08 such other relief as Inc. for an order authorizing the drilling, is appropriate.

Co. for an order pursuant to interests in 32, T.155N., R.96W., West Capa-Bakken § 43-02-03-88.1 pooling all interests in 32, T.155N., R.96W., West Capa-Bakken a spacing unit described as Sections 2 Pool, Williams County, ND, eliminating any and 11, T.146N., R.93W., Wolf Bay- tool error requirements and such other Bakken Pool, Dunn County, ND as provided relief as is appropriate. Bakken Pool, Dunn County, ND as provided relief as is appropriate.

Exploration & Production Co. for an order not more than three wells on a 1280-acre pursuant to NDAC § 43-02-03-88. I pooling spacing unit described as Sections 9 and 10, all interests in a spacing unit described as T.155N., R.95W., Capa-Bakken Pool, Section 34, T.139N., R.97W., Heart River- Williams County, ND, eliminating any tool Bakken Pool, Stark County, ND as provided error requirements and such other relief as

Exploration & Production Co. for an order completing and producing of a total of not pursuant to NDAC § 43-02-03-88.1 pooling more than three wells on a 1280-acre spac-net point and the second seco all interests in a spacing unit described as ing unit described as Sections 29 and 32, Section 6, T.139N., R.97W., Heart River-T.148N., R.97W., Haystack, Butte-Bakken Bakken Pool, Stark County, ND as provided Pool, Dunn County, ND, eliminating any tool by NDCC § 38-08-08 and such other relief error requirements and such other relief as

and Gas, LP. for an order pursuant to appropriate. NDAC § 43-02-03-88.1 authorizing Asse No. 14427; In the matter of the saltwater disposal into the Dakota Group in Petition for a risk penalty of Baytex Energy the Trenton SWD #I well, NVVSW Section USA Ltd. requesting an order authorizing 35, T.154N., R.102W., Rosebud Field, the recovery of a risk penalty from certain Williams County, ND, pursuant to NDAC non-participating owners, as provided by Chapter 43-02-05 and such other relief as is NDCC § 38-08-08 in the drilling and appropriate. appropriate.

of not more than two wells on each 1280- to NDAC § 43-02-03-88.1, and such other acre spacing unit described as Sections | relief as is appropriate. and 12; Sections 2 and 11; Sections 3 and case No. 14428: Application of Enerplus 10; Sections 13 and 24; Sections 14 and 23; Resources (U.S.A.) Inc. for an order Sections 15 and 27; sections 14 and 23; resources (U.S.A.) inc. for an order Sections 15 and 22; Sections 16 and 21; authorizing the drilling, completing and Sections 26 and 35; Sections 27 and 34; producing 0f a total of not more than two Sections 28 and 33; Sections 29 and 32; wells on a 320-acre spacing unit described Sections 30 and 31, T.ISAN, R.103W; as the W/2 of Section 13, T.149N, R.94W, Sections 2 and 11; Sections 3 and 10; and and a total of not more than four wells on Sections 4 and 9, T. 153N., R. 103W., Painted a 640-acre spacing unit described as Section Woods-Bakken Pool, Williams County, ND, 10, T.149N., R.93W., Mandaree-Bakken Pool, eliminating any tool error requirements and McKenzie and Dunn Counties, ND, such other relief as is appropriate.

Such other remeras is appropriate. Masse No. 14419: Application of EOG such other relief as is appropriate. Resources, Inc. for an order authorizing the case No. 14429: Application of Enerplus drilling, completing and producing of a total Resources (U.S.A.) Inc. for an order of not more than two wells on a 1280-acre authorizing the drilling, completing and spacing unit described as Sections 1 and 12, producing of a total of not more than four U.S.A. PLO2W Deschuld Put wells on a cost 640-acre space unit 1520. PLO2W Deschuld Put wells on a cost 640-acre space unit T.153N., R.103W., Rosebud-Bakken Pool. Williams County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Resources, Inc. for an order authorizing the Case No. 14409: Application of Denbury drilling, completing and producing or a total Onshore, LLC for an order pursuant to of not more than four wells on a 1280-acre NDAC § 43-02-03-88: I pooling all interests spacing unit described as Sections 30 and 31, T.152N, R.94W, Clarks Creek-Bakken 31, T.152N, R.94W, Clarks Creek-Bakken Pool, McKenzie County, ND, eliminating any

Resources, Inc. for an order authorizing the tool error requirements and such other

located in a spacing unit described as Sections 29 and 32, T.158N., R.95W.,

completing and producing of a total of <u>Ase No. 1413: Application of Hunt Oil</u> not more than three wells on a 1280-acre Co. for an order pursuant to NDAC station with the wells on a 1280-acre an order pursuant to NDAC spacing unit described as Sections 29 and

by NDCC § 38-08-08 such other relief as is <u>Case No. 14124</u>: Application of XTO Energy appropriate. <u>Asse No. 14114</u>: Application of Fidelity completing and producing of a total of

by NDCC § 38-08-08 and such other relief is appropriate. as is appropriate. <u>Ase No. 1415: Application of Fidelity Inc. for an order authorizing the drilling</u>.

as is appropriate. Asse No. 14116: Application of Anschurz Asse No. 14126: Application of XTO Exploration Corp. for an order pursuant to Energy Inc. for an order authorizing the NDAC § 43-02-03-88.1 pooling all interests drilling completing and producing of a total NUAC § 43-U2-U3-88.1 pooling all interests orilling, completing and producing of a total in a spacing unit described as Sections 4 and of not more than three wells on an 9, T.143N., R.97W., Little Knife-Bakken Pool, overlapping 1280-acre spacing unit Dunn County, ND as provided by NDCC described as Sections 29 and 32, T.158N., § 38-08-08 and such other relief as is R.95W., McGregor-Bakken Pool, Williams appropriate. Case No. 1417: Application of Brigham Oil requirements and such other relief as is and Gas. LP. for an order numericate a appropriate

completing of the Larsen #8-162-99H well Asse No. 14418: Application of EOG located in a spacing unit described as Resources, Inc. for an order authorizing the Section 8, T.162N., R.99W., Ambrose-drilling, completing and producing of a total Bakken Pool, Divide County, ND, pursuant

eliminating any tool error requirements and

wells on each 640-acre spacing unit described as Sections 2, 11 and 23, T.148N. R.94W, McGregory Buttes-Bakken Pool, Dunn County, ND, eliminating any tool error requirements and such other relief as is appropriate.

ase No. 14430: Application Resources, LLC in accordance with NDAC 43-02-03-881 for an order authorizing the conversion of the Hawkinson #1-27 well, located in the SENE of Section 27, T.147N., R.96W., Dunn County, ND, to a saltwater disposal well in the Dakota Formation pursuant to NDAC Chapter 43-02-05 and such other relief as

is appropriate. Pase No. 14431: Application of RM Resources, LLC in accordance with NDAC § 43-02-03-88.1 for an order authorizing the conversion of the Bank of North Dakota #1-22 well, located in the SESE of Section 22, T.147N., R.96W., Dunn County, ND, to a saltwater disposal well in the Dakota Formation pursuant to NDAC Chapter 43-02-05 and such other relief as is

appropriate. Case No. 14432: Application of Sinclair Oil & Gas Co. for an order authorizing the drilling, completing and producing of a total of not more than two wells on a 640-acre spacing unit described as Section 9, T.153N., R.93W., Sanish-Bakken Pool, Mountrail County, ND, eliminating any tool error requirements and such other relief as is appropriate.

se No. 14433: Application for an order mending the field rules for the Charlson-Bakken Pool, Williams and McKenzie Counties, ND, to allow the flaring of gas and unrestricted production of oil from wells not connected to a gas gathering facility until the same can be connected and such other relief as is appropriate. Qushore, LLC; XTO Energy Inc. Denbury

Case No. 14434: Application for an order amending the field rules for the Parshall-Pool, Mountrail and McLean Bakken Counties, ND, to allow the flaring of gas and unrestricted production of oil from wells not connected to a gas gathering facility until the same can be connected and such other relief as is appropriate. EOG Resources, Inc.; Slawson Exploration Co., Inc.; Hunt Oil Co.; Brigham Oil & Gas, LP; Sinclair Oil & Gas Co.

Signed by,

Jack Dalrymple, Governor

Chairman, ND Industrial Commission 3/3 - 606420