

BEFORE THE INDUSTRIAL COMMISSION

OF THE STATE OF NORTH DAKOTA

CASE NO. 22053

ORDER NO. 24386

IN THE MATTER OF A HEARING CALLED ON A MOTION OF THE COMMISSION TO CONSIDER THE IN THE MATTER OF THE PETITION FOR A RISK PENALTY OF BAKKEN HUNTER, LLC REQUESTING AN ORDER AUTHORIZING THE RECOVERY OF A RISK PENALTY FROM CERTAIN NON-PARTICIPATING OWNERS AS PROVIDED BY NDCC § 38-08-08 IN THE DRILLING AND COMPLETION OF THE PACER #3427-2MBH WELL LOCATED IN A SPACING UNIT CONSISTING OF SECTIONS 27 AND 34, T.164N., R.99 WEST AND SECTIONS 3 AND 10, T.163N., 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 27th day of March, 2014.
- (2) Bakken Hunter, LLC (Bakken Hunter) 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 Pacer #3427-2MBH well (File No. 23355) located in a spacing unit described as Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Divide County, North Dakota (Sections 27, 34, 3, and 10), Ambrose-Bakken Pool, pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.1, and such other relief as is appropriate.
- (3) Bakken Hunter is the owner of an interest in an oil and gas leasehold estate in a spacing unit for the Ambrose-Bakken Pool described as all of Sections 27 and 34 and Sections 3 and 10.
- (4) The Commission makes no findings with regard to the specific acreage or percentage attributed to separately owned tracts or interests.
- (5) NDCC Section 38-08-08 provides that working interest owners in the spacing unit shall pay their share of the reasonable actual cost of drilling and operating the well plus a reasonable charge for supervision. In addition to such costs and charges, nonparticipating lessees may be required to pay a risk penalty of 200 percent and unleased mineral interest owners may be required to pay a risk penalty of 50 percent of their share of the reasonable actual cost of drilling and completing the well.

(6) Bakken Hunter requests an order of the Commission allowing the recovery of a risk penalty from the Gayle A. Arnson (Arnson), and the Lorna K. Skavlem (Skavlem) interests.

(7) Arnson and Skavlem, mineral interest owners within the spacing unit, did not appear in this matter or object to the risk penalty being assessed against their mineral interests.

(8) Pursuant to NDAC Section 43-02-03-16.3, Bakken Hunter sent invitations to participate in the drilling and completion of the Pacer #3427-2MBH well. Bakken Hunter provided evidence that the invitations to participate were complete and properly served on Arnson and Skavlem, and that Bakken Hunter made a good faith offer to lease each mineral owner.

(9) Pursuant to NDAC Section 43-02-03-16.3, Arnson and Skavlem had 30 days from the date of receiving the invitation to elect to participate in the Pacer #3427-2MBH well. Bakken Hunter provided evidence that Arnson and Skavlem failed to respond to Bakken Hunter's invitation within the 30-day deadline.

(10) The Commission concludes Bakken Hunter has complied with NDAC Section 43-02-03-16.3 and the risk penalty may be imposed against Arnson's and Skavlem's mineral interests.

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

**IT IS THEREFORE ORDERED:**

(1) A risk penalty may be imposed on Gayle A. Arnson's and Lorna K. Skavlem's mineral interests for the drilling and completion of the Pacer #3427-2MBH well (File No. 23355) on a spacing unit described as Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Divide County, North Dakota, Ambrose-Bakken Pool, pursuant to NDCC Section 38-08-08 and NDAC Section 43-02-03-16.3.

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

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

Dated this 13th day of December, 2016.

**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

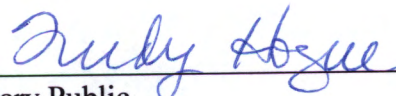
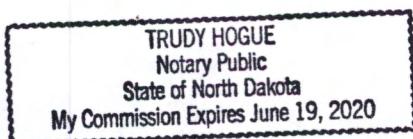
I, Belinda Dickson, being duly sworn upon oath, depose and say: That on the 14th day of December, 2016 enclosed in separate envelopes true and correct copies of the attached Order No. 24386 of the North Dakota Industrial Commission, and deposited the same with the United States Postal Service in Bismarck, North Dakota, with postage thereon fully paid, directed to the following persons by the Industrial Commission in Case No. 22053:

S THOMAS THRONE  
THRONE LAW OFFICE PC  
PO BOX 6590  
SHERIDAN WY 82801



Belinda Dickson  
Oil & Gas Division

On this 14th day of December, 2016 before me personally appeared Belinda Dickson 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

## Kadrmass, Bethany R.

---

**From:** S. Thomas Throne <TThrone@thronelaw.com>  
**Sent:** Sunday, October 09, 2016 2:17 PM  
**To:** McCusker, David J.  
**Cc:** Kadrmass, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

David: If you get a chance, give me a call. Neither well will pay out. I want to discuss the best solution. Bakken Hunter may just withdraw the applications. Tom

*S. Thomas Throne*  
*tthrone@thronelaw.com*



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**From:** "McCusker, David J." <dmccusker@nd.gov>  
**Date:** Friday, September 16, 2016 at 10:20 AM  
**To:** "S. Thomas Throne" <TThrone@thronelaw.com>  
**Cc:** Bethany Kadrmass <brkadrmass@nd.gov>  
**Subject:** RE: Risk Penalty Case No. 22053

Hi Tom,

We would like to move forward on a determination in Case No. 22053. The items requested in my July 2, 2015 email below must be submitted no later than October 15, 2016. A determination will then be made based on the exhibits and evidence provided in the case.

*Dave McCusker*

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>



---

**From:** S. Thomas Throne [mailto:TThrone@thronelaw.com]  
**Sent:** Tuesday, March 01, 2016 2:57 PM  
**To:** McCusker, David J.  
**Subject:** Re: Risk Penalty Case No. 22053

Thank you Will do

*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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---

**From:** "McCusker, David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Tuesday, March 1, 2016 at 1:17 PM  
**To:** Throne Admin <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
John Morrison represented Bakken Hunter at a couple of proper spacing hearings on February 24, 2016, i.e. cases 24501 and 24502. After the hearings, I spoke with John and referenced this situation. He stated the landman you may have been working with probably is no longer there. John suggested you could contact him for his contact information with Bakken Hunter. I hope this helps.

*Dave McCusker*  
State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046

Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** S. Thomas Throne [<mailto:TThrone@thronelaw.com>]  
**Sent:** Friday, February 12, 2016 2:59 PM  
**To:** McCusker, David J.  
**Cc:** Kadrmas, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

David: I have emailed them several times about this issue and left voice messages. Bakken Hunter is in Bankruptcy now and it is hard to get in touch with anyone, but I will try. Tom

*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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**From:** "McCusker, David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Fri, 12 Feb 2016 20:33:08 +0000  
**To:** S Thomas Throne <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Cc:** Bethany Kadrmas <[brkadrmas@nd.gov](mailto:brkadrmas@nd.gov)>  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
Please provide an update. Thanks.

*Dave McCusker*  
State of North Dakota

North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

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**From:** McCusker, David J.  
**Sent:** Friday, September 25, 2015 1:50 PM  
**To:** 'S. Thomas Throne'  
**Cc:** Kadrmas, Bethany R.  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
Regarding the correspondence below, could you provide an update? Thanks.

*Dave McCusker*  
State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** S. Thomas Throne [<mailto:TThrone@thronelaw.com>]  
**Sent:** Thursday, July 02, 2015 2:00 PM  
**To:** McCusker, David J.  
**Cc:** Kadrmas, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

Dave: Thank you for the email. I will look through the files and send you what I have. I fear that these parties might have been unlocatable and therefore the force pooling. I will confirm and let you know. I don't know what I will do if that is the case. Tom

*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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---

**From:** <McCusker>, "David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Thursday, July 2, 2015 at 12:40 PM  
**To:** Throne Admin <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Cc:** Bethany Kadrmas <[brkadrmas@nd.gov](mailto:brkadrmas@nd.gov)>  
**Subject:** Risk Penalty Case No. 22053

Tom,  
Case 22053 is an application of Bakken Hunter, LLC requesting an order authorizing the recovery of a risk penalty from certain non-participating owners. They are identified as Kathy J. Seeley, Gayle A. Arnson, Herb S. Parker, Robert Douglas Martin, and Lorna K. Skavlem. The case was heard March 27, 2014.

Regarding Kathy J. Seeley, the file indicates an invitation to participate was sent to each party. The file includes a copy of a tracking sheet indicating the invitation was delivered but does not indicate it was received by the party. NDAC 43-02-03-16.3 requires a signed receipt of the invitation. Please supplement the record with a signed receipt for service of the invitation to participate to Kathy J. Seeley.

Regarding Herb S. Parker and Robert Douglas Martin, the file indicates the service of the invitation to participate and the service of the Petition, Notice of Hearing and Affidavit to each party was returned undeliverable. NDAC 43-02-03-16.3 requires a signed receipt of the invitation and our policy requires signed receipt of the service of the Petition, Notice of Hearing and Affidavit. Please supplement the record with a signed receipt for service of the invitation to participate and a signed receipt of the service of the Petition, Notice of Hearing, and Affidavit of each party.

Thanks.

**Dave McCusker**  
State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046

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Low (90): **Pass**

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## Kadrmass, Bethany R.

---

**From:** McCusker, David J.  
**Sent:** Thursday, September 22, 2016 9:20 AM  
**To:** S. Thomas Throne  
**Cc:** Kadrmass, Bethany R.  
**Subject:** RE: Bakken NDIC - Recovery of Risk Penalty Cases  
**Attachments:** Pacer 2MBH - BAK Combo Proposal - K Seeley - NON CONSENT.PDF; Pacer 2MBH - BAK Combo Proposal - H Parker - NON CONSENT.PDF; Pacer 2MBH - BAK Combo Proposal - H Parker - NON CONSENT.PDF; Pacer 2MBH - BAK Combo Proposal - R Martin - NON CONSENT.PDF; Pacer 2MBH - BAK Combo Proposal - H Parker - NON CONSENT.PDF

Tom,  
The attached appears to be the same information already provided in Case 22053. It doesn't look like the service issues for Kathy J. Seeley, Herb S. Parker, and Robert Douglas Martin in Case 22053 have been addressed, i.e. a signed receipt for service of the invitation to participate to Kathy J. Seeley, Herb S. Parker, and Robert Douglas Martin, and a signed receipt for service of the Petition, Notice of Hearing, and Affidavit to Herb S. Parker, and Robert Douglas Martin. Will Bakken Hunter, LLC be submitting additional items in Case 22053 prior to October 15, 2016? If not, an Order in the case may be entered earlier.

Regarding Case 21464, it doesn't look like Bakken Hunter, LLC addressed the service issues in the email below. Will Bakken Hunter, LLC be submitting anything further prior to October 15, 2016? If not, an Order in the case may be entered earlier.

Also, you may want to review the October 3, 2014 email I sent you regarding service issues on risk penalty cases.

### *Dave McCusker*

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** S. Thomas Throne [mailto:TThrone@thronelaw.com]  
**Sent:** Wednesday, September 21, 2016 10:52 AM  
**To:** McCusker, David J.  
**Subject:** FW: Bakken NDIC - Recovery of Risk Penalty Cases

David: Good morning. See notices attached and also email below from Ron Kubicki, who was Bakken Hunter's landman at the time. Let me know if you need anything additional. Tom

S. Thomas Throne  
[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)

## Kadrmass, Bethany R.

---

**From:** McCusker, David J.  
**Sent:** Wednesday, September 21, 2016 2:07 PM  
**To:** Kadrmass, Bethany R.  
**Subject:** FW: Bakken NDIC - Recovery of Risk Penalty Cases  
**Attachments:** Pacer 2MBH - BAK Combo Proposal - K Seeley - NON CONSENT.pdf; Pacer 2MBH - BAK Combo Proposal - H Parker - NON CONSENT.pdf; Pacer 2MBH - BAK Combo Proposal - H Parker - NON CONSENT.pdf; Pacer 2MBH - BAK Combo Proposal - R Martin - NON CONSENT.pdf; Pacer 2MBH - BAK Combo Proposal - H Parker - NON CONSENT.pdf

The email correspondence is for Cases 21464 and 22053. The attachments are for Case 22053.

### *Dave McCusker*

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** S. Thomas Throne [mailto:TThrone@thronelaw.com]  
**Sent:** Wednesday, September 21, 2016 10:52 AM  
**To:** McCusker, David J.  
**Subject:** FW: Bakken NDIC - Recovery of Risk Penalty Cases

David: Good morning. See notices attached and also email below from Ron Kubicki, who was Bakken Hunter's landman at the time. Let me know if you need anything additional. Tom

*S. Thomas Throne*  
[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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---

**From:** "Ryan M. Smith" <[RMSmith@triadhunter.energy](mailto:RMSmith@triadhunter.energy)>  
**Date:** Wednesday, September 21, 2016 at 9:46 AM  
**To:** "S. Thomas Throne" <[TThrone@thronelaw.com](mailto:TThrone@thronelaw.com)>  
**Subject:** FW: Bakken NDIC - Recovery of Risk Penalty Cases

Tom,

See below and attached relating to Seeley, Parker and Martin.

---

**From:** Lisa Edinger  
**Sent:** Wednesday, September 21, 2016 11:07 AM  
**To:** Ryan M. Smith  
**Subject:** FW: Bakken NDIC - Recovery of Risk Penalty Cases

---

**From:** Ron Kubicki  
**Sent:** Wednesday, September 21, 2016 11:05 AM  
**To:** Lisa Edinger  
**Subject:** RE: Bakken NDIC - Recovery of Risk Penalty Cases

The well is the Pacer 3427-2MBH.

Attached is:

Seeley's delivered via USPS well proposal and receipt. So, she received our well and lease proposal but did not respond. That is grounds for a risk penalty.

A copy of Parker's well proposal and the returned certified mailing receipt. Parker could not be found after several attempts so he is a candidate for the risk penalty.

Martin – same as Parker.

Ronald P. Kubicki  
Contractor  
Bakken Hunter, LLC  
303-669-4178



**Bakken Hunter, LLC**

a division of Magnum Hunter Resources, Corp.

NYSE: **MHR**

---

**From:** Lisa Edinger  
**Sent:** Wednesday, September 21, 2016 8:09 AM  
**To:** Ron Kubicki  
**Subject:** FW: Bakken NDIC - Recovery of Risk Penalty Cases

Ron,

Any idea which wells these are related to?

Thanks,  
Lisa

---

**From:** Ryan M. Smith  
**Sent:** Wednesday, September 21, 2016 9:57 AM  
**To:** Lisa Edinger; Pam Nicholson  
**Cc:** Tracy Miskofsky  
**Subject:** Bakken NDIC - Recovery of Risk Penalty Cases

Lisa - Below are two emails from the North Dakota Industrial Commission concerning cases related to Bakken wells. In both cases Bakken Hunter failed to provide proof of service by way of a signed receipt. I would imagine these are operated wells, but I do not have well information.

Pam – Could you please search for owners Kathy J. Seeley and Richard Lyons Moore to determine which operated Bakken wells we should be digging into?

Thanks,

**From:** <McCusker>, "David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Thursday, July 2, 2015 at 12:40 PM  
**To:** Throne Admin <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Cc:** Bethany Kadrmas <[brkadrmas@nd.gov](mailto:brkadrmas@nd.gov)>  
**Subject:** Risk Penalty Case No. 22053

Tom,  
Case 22053 is an application of Bakken Hunter, LLC requesting an order authorizing the recovery of a risk penalty from certain non-participating owners. They are identified as Kathy J. Seeley, Gayle A. Arnson, Herb S. Parker, Robert Douglas Martin, and Lorna K. Skavlem. The case was heard March 27, 2014.

Regarding Kathy J. Seeley, the file indicates an invitation to participate was sent to each party. The file includes a copy of a tracking sheet indicating the invitation was delivered but does not indicate it was received by the party. NDAC 43-02-03-16.3 requires a signed receipt of the invitation. Please supplement the record with a signed receipt for service of the invitation to participate to Kathy J. Seeley.

Regarding Herb S. Parker and Robert Douglas Martin, the file indicates the service of the invitation to participate and the service of the Petition, Notice of Hearing and Affidavit to each party was returned undeliverable. NDAC 43-02-03-16.3 requires a signed receipt of the invitation and our policy requires signed receipt of the service of the Petition, Notice of Hearing and Affidavit. Please supplement the record with a signed receipt for service of the invitation to participate and a signed receipt of the service of the Petition, Notice of Hearing, and Affidavit of each party.

Thanks.

***Dave McCusker***

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** McCusker, David J.  
**Sent:** Thursday, July 02, 2015 1:24 PM  
**To:** S. Thomas Throne  
**Subject:** Risk Penalty Case No. 21464

Tom,  
Case 21464 is an application of Bakken Hunter, LLC requesting an order authorizing the recovery of a risk penalty from certain non-participating owners. They are identified as Richard Lyons Moore, Michael Harrison Moore, Stephen Scott Moore Testamentary Trust, and Hess Corporation. The case was heard December 18, 2013.

Regarding Richard Lyons Moore, Michael Harrison Moore, and Stephen Scott Moore Testamentary Trust, the file indicates an invitation to participate was sent to each party. The file includes copies of tracking sheets for each party indicating the invitation was delivered but does not indicate it was received by an individual. NDAC 43-02-03-16.3 requires a signed receipt of the invitation. Please supplement the record with a signed receipt for each of these parties.

Thanks.

***Dave McCusker***

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

Ryan M. Smith, Esq.  
Land Manager – Legal and Title  
**Triad Hunter, LLC**  
125 Putnam Street

Marietta, OH 45750  
Office: 740-760-0581  
Fax: 740-374-5270  
Email: [rmsmith@triadhunter.com](mailto:rmsmith@triadhunter.com)



---

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---

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Message Score: 15

High (60): **Pass**

From: [rmsmith@triadhunter.energy](mailto:rmsmith@triadhunter.energy)

My Spam Blocking Level: Medium

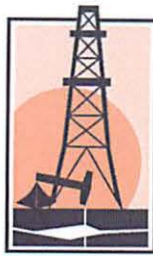
Medium (75): **Pass**

Low (90): **Pass**

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**Bakken Hunter, LLC**

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**

**Receipt # 70123460000255664760**

November 20, 2013

Kathy J Seeley  
1511 East Hillcourt  
Williston, ND 58801

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 0.20 Net Acres located in:

Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

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[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)





## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. **Your estimated percentage of those costs is indicated on the enclosed AFE.** Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. The previously sent offer to participate in the Pacer well is hereby withdrawn and should be replaced in all applicable files and records by this proposal.
4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

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**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', with a long horizontal flourish extending to the right.

Kyle Dollar  
Landman

Enclosures:

AFE

Oil and Gas Lease

Internal Revenue Service Form W-9





**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- \_\_\_\_\_ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- \_\_\_\_\_ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- \_\_\_\_\_ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- \_\_\_\_\_ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- \_\_\_\_\_ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- \_\_\_\_\_ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Kathy J Seeley**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

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## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

COST CENTER #: 96910

**OP/NON-OP**                      **Op**

DATE: July 15, 2013

<input type="checkbox"/>	Leasehold Acquisition	<input checked="" type="checkbox"/>	Initial Completion	<input type="checkbox"/>	Pipeline
<input type="checkbox"/>	Geology/Geophysics	<input type="checkbox"/>	Abandonment	<input type="checkbox"/>	Facilities
<input type="checkbox"/>		<input type="checkbox"/>	Recompletion / WO		
<input checked="" type="checkbox"/>	Drilling	<input checked="" type="checkbox"/>	Equipping	<input type="checkbox"/>	Engineering Studies

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL      \$4,197,500**

PARTICIPANTS	INTEREST %	SHARE
Bakken Hunter LLC	85.230226%	\$3,577,539
Kathy J Seeley	0.009637%	\$405
Others	14.760137%	\$619,557
<b>TOTALS:</b>	100.000000%	\$4,197,500

**\* Operator**

## PARTICIPANT APPROVAL

DEPT.		DATE
Operations		
Engineering		
Land	James R. Peay - VP Land	11/1/2013
Geology		
Finance		
President		

Signed \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of October, 2013, by and between Kathy J. Seelev, individually, whose address is 1511 East Hillcourt, Williston, North Dakota 58801, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC, whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not





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Tracking Number: 70123460000255664760

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## Product &amp; Tracking Information

## Available Actions

Postal Product:

Features:

Certified Mail™

## DATE &amp; TIME

November 27, 2013, 9:12  
am

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Delivered

## LOCATION

WILLISTON, ND 58801

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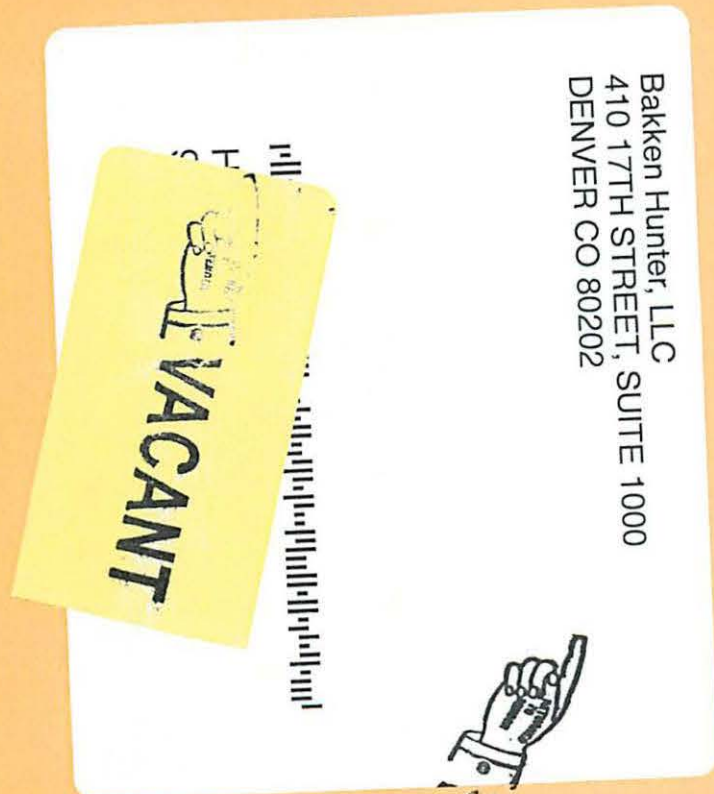
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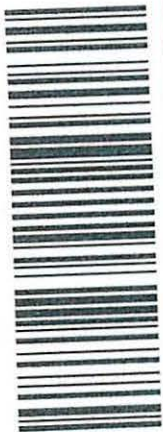


SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature <b>X</b> <div style="text-align: right;"> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee </div>	
1. Article Addressed to:  Herb E. Barker 9107 Meadowview Road Minneapolis, MN 55425		B. Received by (Printed Name)	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, July 2013		Domestic Return Receipt	

7012 3460 0002 5566 4807



7012 3460 0002 5566 4807



CERTIFIED MAIL™





**Bakken Hunter, LLC**

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**

**Receipt #** 7012 3460 6062 5566 4807

November 20, 2013

Herb S Parker  
9107 Meadowview Road  
Minneapolis, MN 55425

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 3.00 Net Acres located in:

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Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

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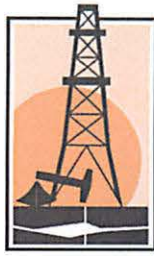
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In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

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## Bakken Hunter, LLC

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', is written over a horizontal blue line.

Kyle Dollar  
Landman

*AK*  
*11/21/13*

Enclosures:

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9



**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- \_\_\_\_\_ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- \_\_\_\_\_ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- \_\_\_\_\_ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- \_\_\_\_\_ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- \_\_\_\_\_ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- \_\_\_\_\_ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Herb S Parker**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)

## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

COST CENTER #: 96910

**OP/NON-OP**

DATE: July 15, 2013

11

X

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☒☒

114

## Engineering Studies

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL      \$4,197,500**

**\* Operator**

## PARTICIPANT APPROVAL

DEPT.		DATE
Operations		
Engineering		
Land	James R. Peay - VP Land	11/1/2013
Geology		
Finance		
President		

Date \_\_\_\_\_

AFE #:	
AREA:	North Dakota
UWI:	34-27-164-99

		DRILLING	
		Drill & Abandon Costs	Drill & Case costs
204/106	LOCATION SURVEY & PLAT		\$10,000
204/108	ENVIRONMENTAL SITE ASSESS.		\$5,000
204/110	DRILLSITE TITLE OPINION		\$5,000
204/112	PERMITS AND DAMAGES		\$12,000
204/114	BUILD LOCATION,PITS & ROAD		\$35,000
204/116	RAT & MOUSE HOLE & WATER WELL		\$15,000
204/118	MI/RU/RD/MO		\$35,000
204/120	FOOTAGE CONTRACT DRILLING		
204/122	DAYWORK CONTRACT DRILLING		\$450,000
204/124	TURNKEY		
204/125	DIRECTIONAL DRILLING SVCS		\$135,000
204/126	DRILLING FLUIDS-MUD		\$100,000
204/127	FLUIDS AND SOLIDS DISPOSAL		\$125,000
204/128	WATER		\$25,000
204/129	COMMUNICATIONS		
204/130	POWER/FUEL/SURCHARGES		\$100,000
204/132	BITS		\$45,000
204/134	PUMP/VACUUM TRUCK		\$20,000
204/136	CEMENT AND CEMENT SERVICES		\$92,000
204/138	CASING CREW, POWER TONGS		\$25,000
204/140	OPEN HOLE LOGS		
204/142	MUDLOGGING SERVICES		
204/144	EQUIPMENT & TOOL RENTAL		\$235,000
204/145	NON CONTROLLABLE EQUIPMENT		
204/146	FISHING TOOLS & SERVICE		
204/147	LOST IN HOLE EQUIPMENT		
204/148	DST & CORING		
204/150	WIRELINE SERVICES		
204/152	TRUCKING & TRANSPORTATION		\$50,000
204/156	COIL TUBING UNIT		
204/158	TUBULAR INSPECT/TESTING		
204/172	SUPERVISION		\$50,000
204/174	LABOR & WELDING-CONTRACT		\$10,000
205/112	SURFACE CASING		\$25,000
205/114	SURFACE CASING ACCESSORIES		\$2,500
205/115	CASING HEAD		\$7,500
205/117	INTERMEDIATE CASING AND ACCESSORIES		\$160,000
204/182	INSURANCE		
204/180	MISCELLANEOUS		
206/114	PROD CASING ACCESSORIES ( Sleeves & Pkrs)		\$100,000
207/115	PRODUCTION CASING		\$110,000
SUB TOTAL		\$0	\$1,984,000
204/176	ADMIN OVERHEAD-DRILLING	\$0	
	Contingency (5%)		
TOTAL		\$0	\$1,984,000

AFE #:	33695
AREA:	North Dakota
UWI:	34-27-164-99

## INITIAL COMPLETION

206/118	MI/RU/RD/MO		
206/120	COMPLETION RIG-FOOTAGE		
206/122	COMPLETION RIG-DAY WORK		\$75,000
206/124	COMPLETION RIG-TURNKEY		
206/126	COMPLETION FLUIDS		
206/127	FLUIDS AND SOLIDS DISPOSAL		\$10,000
206/128	WATER		\$100,000
206/129	COMMUNICATIONS		
206/130	POWER/FUEL		
206/134	PUMP/VACUUM TRUCK		
206/136	CEMENT & CEMENT SERVICES		
206/138	CASING CREW		
206/142	CASED HOLE LOGS/GR-NEUTRO		\$7,500
206/144	RENTAL TOOLS & EQUIPMENT		\$250,000
206/145	NON CONTROLLABLE EQUIPMENT (boiler, steamer,		\$50,000
206/146	FISHING TOOLS AND SERVICE		
206/150	PERFORATING/WIRELINE		
206/152	TRANSPORTATION		\$125,000
206/154	FLOWBACK TESTING		\$65,000
206/156	COIL TUBING UNIT		\$75,000
206/158	TUBULAR INSPECT/TESTING		
206/160	ISOLATION TOOLS		
206/162	STIMULATION-ACIDIZING		
206/164	FRACTURING/STIMULATION		\$800,000
206/166	GRAVEL PACK		
206/168	PRODUCING TITLE OPINION		
206/170	WELL MONITORING/TESTING		
206/172	SUPERVISION		\$40,000
206/174	LABOR & WELDING CONTRACT		
207/120	TUBING		\$55,000
207/125	RODS		\$50,000
207/130	WELLHEAD & TREE		\$8,500
207/135	TUBINGHEAD TREE		
207/140	DOWNHOLE EQUIP		\$15,000
207/145	PACKERS, TUBING,		
207/180	MISCELLANEOUS		\$30,000
SUB TOTAL			\$1,756,000
206/176	OVERHEAD		
	CONTINGENCY		
TOTAL			\$1,756,000



## EQUIPPING

208/100	RIGHT OF WAY		
208/105	LEASE & WELL EQUIP - O/S		
208/110	RIGHT OF WAY - STAKE & SURVEY		\$10,000
208/120	RIGHT OF WAY-ACQUISITION COSTS		\$7,500
208/130	RIGHT OF WAY-TECHNICAL/SUPERVI		
208/145	ARTIFICIAL LIFT EQUIPMENT (pumpjack)		\$130,000
208/155	SEPERATION EQUIPMENT, TREATERS		\$65,000
208/160	HEATER, DE-HY, COMP		
208/165	TANK BATTERY & INSTALL.		\$40,000
208/170	FLOWLINES, VALVES, & FITTINGS		\$50,000
208/175	METER RUN AND GAS LINES		\$10,000
208/176	CONTRACT LABOR AND SERVICE		\$35,000
208/180	INSTRUMENTATION / SCADA		\$20,000
208/185	NON-SALVAGEABLE EQUIPMENT		\$10,000
208/195	RETIRE L&W EQUIPMENT		\$10,000
208/200	ELECTRICAL		\$45,000
208/210	SALES PIPELINE		
208/220	PIPELINE- LABOR & EQUIPMENT		
208/300	PIPELINE- PERMITTING COSTS		
208/310	MISCELLANEOUS (HAULING, RENTALS)		\$25,000
208/310	PIPELINE MATERIALS		
		SUB-TOTAL	\$457,500
	Contingency		
		TOTAL	\$457,500

Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 20<sup>th</sup> day of November, 2013, by and between Herb Parker and Vangie Parker, individually and as husband and wife, whose address is 9107 Meadowview Road, Minneapolis, MN 55425, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC., whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not



## Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:

☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

				-								
--	--	--	--	---	--	--	--	--	--	--	--	--

Employer identification number

--	--	--	--	--	--	--	--	--	--	--	--	--

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign  
Here

Signature of  
U.S. person ▶

Date ▶

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.


**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

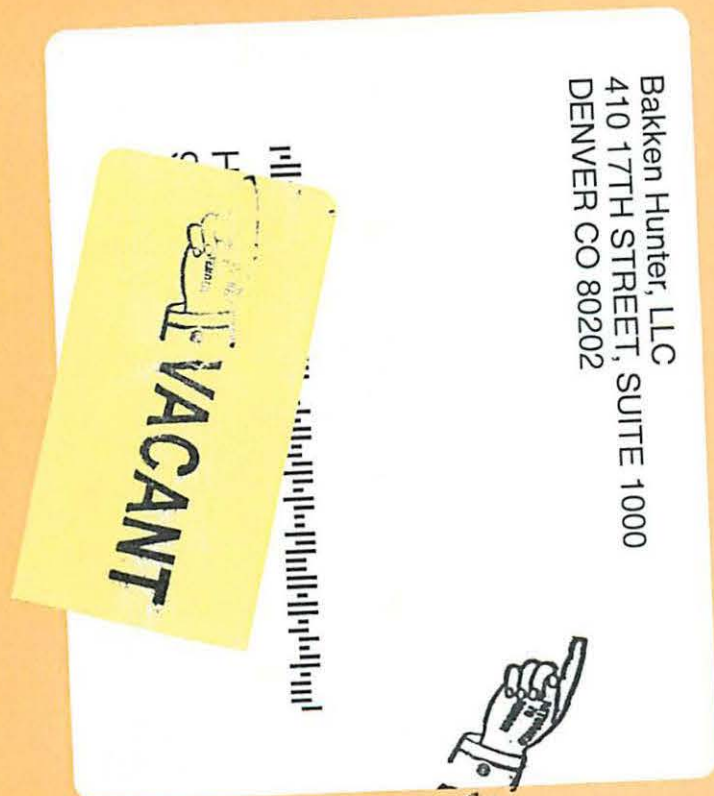
- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

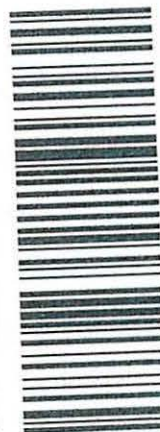


SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature <b>X</b> <div style="text-align: right;"> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee </div>	
1. Article Addressed to:  Herb E. Barker 9107 Meadowview Road Minneapolis, MN 55425		B. Received by (Printed Name)	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, July 2013		Domestic Return Receipt	

7012 3460 0002 5566 4807



7012 3460 0002 5566 4807



CERTIFIED MAIL™





**Bakken Hunter, LLC**

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**

**Receipt #** 7012 3460 6062 5566 4807

November 20, 2013

Herb S Parker  
9107 Meadowview Road  
Minneapolis, MN 55425

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 3.00 Net Acres located in:

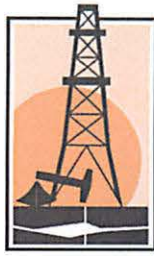
Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***



## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.

2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. **Your estimated percentage of those costs is indicated on the enclosed AFE.** Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.

3. The previously sent offer to participate in the Pacer well is hereby withdrawn and should be replaced in all applicable files and records by this proposal.

4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)





**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', is written over a horizontal blue line.

Kyle Dollar  
Landman

*AK*  
*11/21/13*

Enclosures:

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9



**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- \_\_\_\_\_ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- \_\_\_\_\_ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- \_\_\_\_\_ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- \_\_\_\_\_ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- \_\_\_\_\_ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- \_\_\_\_\_ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Herb S Parker**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: "MHR"

www.MagnumHunterResources.com

## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

**COST CENTER #:** 96910

**OP/NON-OP**

DATE: July 15, 2013

## Pipeline

## Facilities

## Engineering Studies

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL      \$4,197,500**

**\* Operator**

## PARTICIPANT APPROVAL

Date \_\_\_\_\_

AFE #:	
AREA:	North Dakota
UWI:	34-27-164-99

		DRILLING	
		Drill & Abandon Costs	Drill & Case costs
204/106	LOCATION SURVEY & PLAT		\$10,000
204/108	ENVIRONMENTAL SITE ASSESS.		\$5,000
204/110	DRILLSITE TITLE OPINION		\$5,000
204/112	PERMITS AND DAMAGES		\$12,000
204/114	BUILD LOCATION,PITS & ROAD		\$35,000
204/116	RAT & MOUSE HOLE & WATER WELL		\$15,000
204/118	MI/RU/RD/MO		\$35,000
204/120	FOOTAGE CONTRACT DRILLING		
204/122	DAYWORK CONTRACT DRILLING		\$450,000
204/124	TURNKEY		
204/125	DIRECTIONAL DRILLING SVCS		\$135,000
204/126	DRILLING FLUIDS-MUD		\$100,000
204/127	FLUIDS AND SOLIDS DISPOSAL		\$125,000
204/128	WATER		\$25,000
204/129	COMMUNICATIONS		
204/130	POWER/FUEL/SURCHARGES		\$100,000
204/132	BITS		\$45,000
204/134	PUMP/VACUUM TRUCK		\$20,000
204/136	CEMENT AND CEMENT SERVICES		\$92,000
204/138	CASING CREW, POWER TONGS		\$25,000
204/140	OPEN HOLE LOGS		
204/142	MUDLOGGING SERVICES		
204/144	EQUIPMENT & TOOL RENTAL		\$235,000
204/145	NON CONTROLLABLE EQUIPMENT		
204/146	FISHING TOOLS & SERVICE		
204/147	LOST IN HOLE EQUIPMENT		
204/148	DST & CORING		
204/150	WIRELINE SERVICES		
204/152	TRUCKING & TRANSPORTATION		\$50,000
204/156	COIL TUBING UNIT		
204/158	TUBULAR INSPECT/TESTING		
204/172	SUPERVISION		\$50,000
204/174	LABOR & WELDING-CONTRACT		\$10,000
205/112	SURFACE CASING		\$25,000
205/114	SURFACE CASING ACCESSORIES		\$2,500
205/115	CASING HEAD		\$7,500
205/117	INTERMEDIATE CASING AND ACCESSORIES		\$160,000
204/182	INSURANCE		
204/180	MISCELLANEOUS		
206/114	PROD CASING ACCESSORIES ( Sleeves & Pkrs)		\$100,000
207/115	PRODUCTION CASING		\$110,000
SUB TOTAL		\$0	\$1,984,000
204/176	ADMIN OVERHEAD-DRILLING	\$0	
	Contingency (5%)		
TOTAL		\$0	\$1,984,000



AFE #:	33695
AREA:	North Dakota
UWI:	34-27-164-99

## INITIAL COMPLETION

206/118	MI/RU/RD/MO		
206/120	COMPLETION RIG-FOOTAGE		
206/122	COMPLETION RIG-DAY WORK		\$75,000
206/124	COMPLETION RIG-TURNKEY		
206/126	COMPLETION FLUIDS		
206/127	FLUIDS AND SOLIDS DISPOSAL		\$10,000
206/128	WATER		\$100,000
206/129	COMMUNICATIONS		
206/130	POWER/FUEL		
206/134	PUMP/VACUUM TRUCK		
206/136	CEMENT & CEMENT SERVICES		
206/138	CASING CREW		
206/142	CASED HOLE LOGS/GR-NEUTRO		\$7,500
206/144	RENTAL TOOLS & EQUIPMENT		\$250,000
206/145	NON CONTROLLABLE EQUIPMENT (boiler, steamer,		\$50,000
206/146	FISHING TOOLS AND SERVICE		
206/150	PERFORATING/WIRELINE		
206/152	TRANSPORTATION		\$125,000
206/154	FLOWBACK TESTING		\$65,000
206/156	COIL TUBING UNIT		\$75,000
206/158	TUBULAR INSPECT/TESTING		
206/160	ISOLATION TOOLS		
206/162	STIMULATION-ACIDIZING		
206/164	FRACTURING/STIMULATION		\$800,000
206/166	GRAVEL PACK		
206/168	PRODUCING TITLE OPINION		
206/170	WELL MONITORING/TESTING		
206/172	SUPERVISION		\$40,000
206/174	LABOR & WELDING CONTRACT		
207/120	TUBING		\$55,000
207/125	RODS		\$50,000
207/130	WELLHEAD & TREE		\$8,500
207/135	TUBINGHEAD TREE		
207/140	DOWNHOLE EQUIP		\$15,000
207/145	PACKERS, TUBING,		
207/180	MISCELLANEOUS		\$30,000
SUB TOTAL			\$1,756,000
206/176	OVERHEAD		
	CONTINGENCY		
TOTAL			\$1,756,000

## EQUIPPING

<b>TOTAL</b>	<b>\$457,500</b>
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Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 20<sup>th</sup> day of November, 2013, by and between Herb Parker and Vangie Parker, individually and as husband and wife, whose address is 9107 Meadowview Road, Minneapolis, MN 55425, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC., whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not





## Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:

☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

				-			-				
--	--	--	--	---	--	--	---	--	--	--	--

Employer identification number

				-							
--	--	--	--	---	--	--	--	--	--	--	--

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign  
Here

Signature of  
U.S. person ▶

Date ▶

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

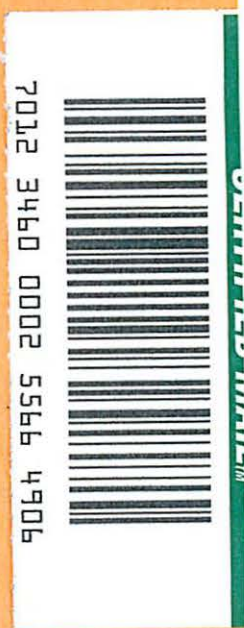
**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature <b>X</b> <div style="text-align: right;"> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee </div>	
1. Article Addressed to:  <div style="border: 1px solid black; padding: 5px; text-align: center;"> Robert Douglas Martin  C/O Daily &amp; Woods  3538 North Highway  Fayetteville, AR 72704 </div>		B. Received by (Printed Name)	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		7012 3460 0002 5566 4906	

PS Form 3811, July 2013      Domestic Return Receipt



Bakken Hunter, LLC  
410 17TH STREET, SUITE 1000  
DENVER CO 80202

Robert Douglas Martin  
C/O Daily Woods  
3538 North Highway  
Fayetteville AR 72704

NOT DELIVERABLE  
AS ADDRESSED,  
UNABLE TO FORWARD

5C  
11/24





**Bakken Hunter, LLC**

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**

**Receipt #** 7012 3460 0002 5566 4906

November 20, 2013

Robert Douglas Martin  
c/o Daily & Woods  
3538 North Highway  
Fayetteville, AR 72704

RE: Well Name: Pacer 3427-2MBH (the “Well”)  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC (“BAK”) hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 2.5038 Net Acres located in:

Township 163N, Range 99 West, 5<sup>th</sup> PM  
Section 3: Lots 1(40.24), 2(40.24) and S2NE/4  
Section 10: NE4

BAK offers to lease your mineral interests for \$600.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

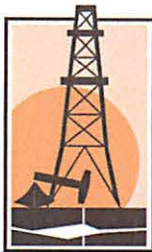
- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: “MHR”

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)



## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. **Your estimated percentage of those costs is indicated on the enclosed AFE.** Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

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[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)





## Bakken Hunter, LLC

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', with a long horizontal flourish extending to the right.

Kyle Dollar  
Landman

AKK  
11/21/13

Enclosures:

AFE

Oil and Gas Lease

Internal Revenue Service Form W-9





**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- \_\_\_\_\_ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- \_\_\_\_\_ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- \_\_\_\_\_ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- \_\_\_\_\_ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- \_\_\_\_\_ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- \_\_\_\_\_ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

Robert Douglas Martin

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)

## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

**COST CENTER #:** 96910

**OP/NON-OP**                      **Op**

DATE: July 15, 2013

## Pipeline

## Facilities

 **Engineering Studies**

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL      \$4,197,500**

**\* Operator**

## PARTICIPANT APPROVAL

**Date**

AFE #:	
AREA:	North Dakota
UWI:	34-27-164-99

## DRILLING

		Drill & Abandon Costs	Drill & Case costs
204/106	LOCATION SURVEY & PLAT		\$10,000
204/108	ENVIRONMENTAL SITE ASSESS.		\$5,000
204/110	DRILLSITE TITLE OPINION		\$5,000
204/112	PERMITS AND DAMAGES		\$12,000
204/114	BUILD LOCATION,PITS & ROAD		\$35,000
204/116	RAT & MOUSE HOLE & WATER WELL		\$15,000
204/118	MI/RU/RD/MO		\$35,000
204/120	FOOTAGE CONTRACT DRILLING		
204/122	DAYWORK CONTRACT DRILLING		\$450,000
204/124	TURNKEY		
204/125	DIRECTIONAL DRILLING SVCS		\$135,000
204/126	DRILLING FLUIDS-MUD		\$100,000
204/127	FLUIDS AND SOLIDS DISPOSAL		\$125,000
204/128	WATER		\$25,000
204/129	COMMUNICATIONS		
204/130	POWER/FUEL/SURCHARGES		\$100,000
204/132	BITS		\$45,000
204/134	PUMP/VACUUM TRUCK		\$20,000
204/136	CEMENT AND CEMENT SERVICES		\$92,000
204/138	CASING CREW, POWER TONGS		\$25,000
204/140	OPEN HOLE LOGS		
204/142	MUDLOGGING SERVICES		
204/144	EQUIPMENT & TOOL RENTAL		\$235,000
204/145	NON CONTROLLABLE EQUIPMENT		
204/146	FISHING TOOLS & SERVICE		
204/147	LOST IN HOLE EQUIPMENT		
204/148	DST & CORING		
204/150	WIRELINE SERVICES		
204/152	TRUCKING & TRANSPORTATION		\$50,000
204/156	COIL TUBING UNIT		
204/158	TUBULAR INSPECT/TESTING		
204/172	SUPERVISION		\$50,000
204/174	LABOR & WELDING-CONTRACT		\$10,000
205/112	SURFACE CASING		\$25,000
205/114	SURFACE CASING ACCESSORIES		\$2,500
205/115	CASING HEAD		\$7,500
205/117	INTERMEDIATE CASING AND ACCESSORIES		\$160,000
204/182	INSURANCE		
204/180	MISCELLANEOUS		
206/114	PROD CASING ACCESSORIES ( Sleeves & Pkrs)		\$100,000
207/115	PRODUCTION CASING		\$110,000
SUB TOTAL		\$0	\$1,984,000
204/176	ADMIN OVERHEAD-DRILLING	\$0	
	Contingency (5%)		
TOTAL		\$0	\$1,984,000

AFE #:	33695
AREA:	North Dakota
UWI:	34-27-164-99

## INITIAL COMPLETION

206/118	MI/RU/RD/MO		
206/120	COMPLETION RIG-FOOTAGE		
206/122	COMPLETION RIG-DAY WORK		\$75,000
206/124	COMPLETION RIG-TURNKEY		
206/126	COMPLETION FLUIDS		
206/127	FLUIDS AND SOLIDS DISPOSAL		\$10,000
206/128	WATER		\$100,000
206/129	COMMUNICATIONS		
206/130	POWER/FUEL		
206/134	PUMP/VACUUM TRUCK		
206/136	CEMENT & CEMENT SERVICES		
206/138	CASING CREW		
206/142	CASED HOLE LOGS/GR-NEUTRO		\$7,500
206/144	RENTAL TOOLS & EQUIPMENT		\$250,000
206/145	NON CONTROLLABLE EQUIPMENT (boiler, steamer,		\$50,000
206/146	FISHING TOOLS AND SERVICE		
206/150	PERFORATING/WIRELINE		
206/152	TRANSPORTATION		\$125,000
206/154	FLOWBACK TESTING		\$65,000
206/156	COIL TUBING UNIT		\$75,000
206/158	TUBULAR INSPECT/TESTING		
206/160	ISOLATION TOOLS		
206/162	STIMULATION-ACIDIZING		
206/164	FRACTURING/STIMULATION		\$800,000
206/166	GRAVEL PACK		
206/168	PRODUCING TITLE OPINION		
206/170	WELL MONITORING/TESTING		
206/172	SUPERVISION		\$40,000
206/174	LABOR & WELDING CONTRACT		
207/120	TUBING		\$55,000
207/125	RODS		\$50,000
207/130	WELLHEAD & TREE		\$8,500
207/135	TUBINGHEAD TREE		
207/140	DOWNHOLE EQUIP		\$15,000
207/145	PACKERS, TUBING,		
207/180	MISCELLANEOUS		\$30,000
SUB TOTAL			\$1,756,000
206/176	OVERHEAD		
	CONTINGENCY		
TOTAL			\$1,756,000





Return to:  
Bakken Hunter Resources  
Attn: Land Department  
410 17<sup>th</sup> Street, Suite 1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 20th day of November, 2013, by and between Robert Douglas Martin whose address is c/o Daily Woods 3538 North Highway, Fayetteville, AR 72704 hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC., whose address is 410 17<sup>th</sup> Street, Suite 1000, 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 163 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 03: Lots 1(40.24),2(40.24), and S2NE4  
Section 10: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering **320.48** acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not terminate by reason of any such delay, interruption or stoppage, and period of such delay, interruption or stoppage shall be added to the term 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 that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor the minerals, royalty or a lease covering any or all of the rights and substances covered by this lease and covering all or a portion of the land described herein, lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. Furthermore, Lessee may extend this Oil and Gas Lease for an additional period of **Two (2) years** if, prior to the expiration of the primary term of this Oil and Gas Lease, Lessee tenders payment (either by check, wire or draft) to Lessor an amount equal to **Six Hundred Dollars (\$600.00)** per net acre.

18. Other than automatic expiration of the Lease because Lessee has not found oil or gas in paying quantities or has not commenced drilling activities on the Premises within the primary term or any extended primary term, it is agreed that this Lease shall never be forfeited, terminated or cancelled until it has first been judicially determined that the Lease has been materially breached by Lessee and following such judicial determination, Lessee is given a reasonable time to cure any breach and fails to effect such cure within such reasonable period of time.

19. In the event Lessor considers that Lessee has not complied with all of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this lease. Lessee shall then have sixty (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 on said lease for any cause, 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 hereunder. 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 until a judicial determination is made that such failure exists and Lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

20. This lease shall terminate at the end of the primary term as to all of the leased land except those tracts within a production or spacing unit prescribed by law or administrative authority on which is located a well producing or capable of producing oil and/or gas on which Lessee is engaged in drilling or reworking operations. This lease shall not terminate so long as drilling or reworking operations are being continuously prosecuted if not more than 180 days shall lapse between the completion or abandonment of one well and the beginning of operations for the drilling of another well.

21. The right to shut-in a well capable of producing gas provided in this lease shall be limited to three (3) years beyond the primary term.

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

\_\_\_\_\_  
Robert Douglas Martin

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

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 2010, personally appeared Barry Miller and Carla Miller, to me known to be the identical persons, described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires \_\_\_\_\_  
(Spell out month)

\_\_\_\_\_  
Notary Public  
Print Notary's Name: \_\_\_\_\_  
Residing at \_\_\_\_\_

## Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number									
				-			-		
Employer identification number									
				-					

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

**Sign Here**      Signature of U.S. person ▶

Date ▶

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.


**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

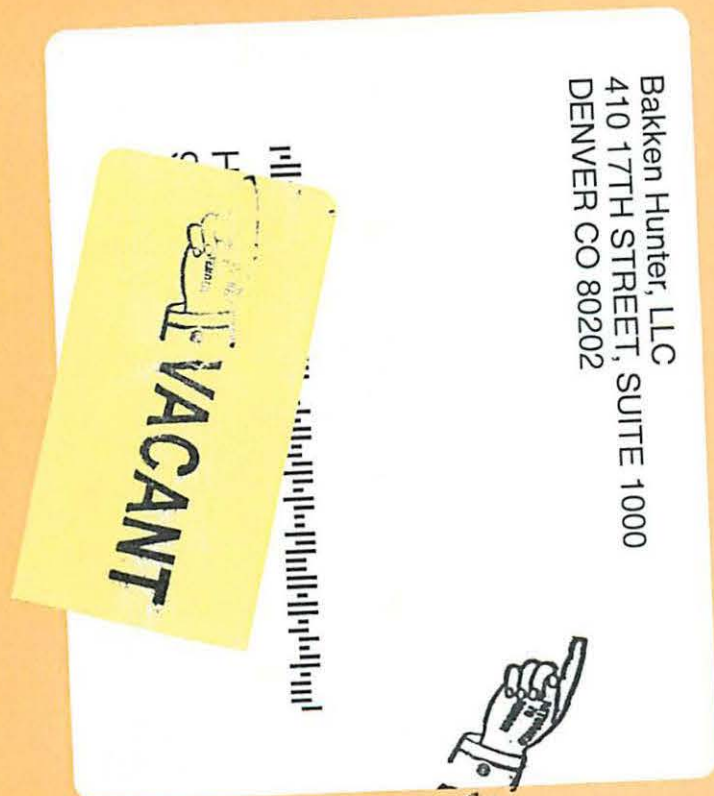
- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

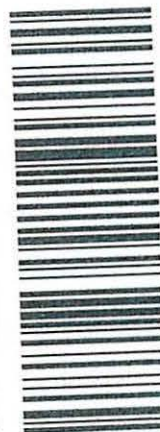


SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature <b>X</b> <div style="text-align: right;"> <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee </div>	
1. Article Addressed to:  Herb E. Barker 9107 Meadowview Road Minneapolis, MN 55425		B. Received by (Printed Name)	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, July 2013		Domestic Return Receipt	

7012 3460 0002 5566 4807



7012 3460 0002 5566 4807



CERTIFIED MAIL™





**Bakken Hunter, LLC**

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**

**Receipt #** 7012 3460 6062 5566 4807

November 20, 2013

Herb S Parker  
9107 Meadowview Road  
Minneapolis, MN 55425

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 3.00 Net Acres located in:

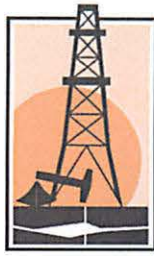
Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***



## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. **Your estimated percentage of those costs is indicated on the enclosed AFE.** Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. The previously sent offer to participate in the Pacer well is hereby withdrawn and should be replaced in all applicable files and records by this proposal.
4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)





**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', is written over a horizontal blue line.

Kyle Dollar  
Landman

*AK*  
*11/21/13*

Enclosures:

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9



**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- \_\_\_\_\_ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- \_\_\_\_\_ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- \_\_\_\_\_ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- \_\_\_\_\_ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- \_\_\_\_\_ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- \_\_\_\_\_ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Herb S Parker**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

410 17TH ST. ♦ SUITE 1000 ♦ DENVER, CO 80202 ♦ OFFICE (720) 443-6573 ♦ FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION ♦ A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)

## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

**COST CENTER #:** 96910

**OP/NON-OP**

DATE: July 15, 2013

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	X
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## Engineering Studies

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL      \$4,197,500**

**\* Operator**

## PARTICIPANT APPROVAL

DEPT.		DATE
Operations		
Engineering		
Land	James R. Peay - VP Land	11/1/2013
Geology		
Finance		
President		

Date \_\_\_\_\_



AFE #:	
AREA:	North Dakota
UWI:	34-27-164-99

		<b>DRILLING</b>	
		<b>Drill &amp; Abandon Costs</b>	<b>Drill &amp; Case costs</b>
204/106	LOCATION SURVEY & PLAT		\$10,000
204/108	ENVIRONMENTAL SITE ASSESS.		\$5,000
204/110	DRILLSITE TITLE OPINION		\$5,000
204/112	PERMITS AND DAMAGES		\$12,000
204/114	BUILD LOCATION,PITS & ROAD		\$35,000
204/116	RAT & MOUSE HOLE & WATER WELL		\$15,000
204/118	MI/RU/RD/MO		\$35,000
204/120	FOOTAGE CONTRACT DRILLING		
204/122	DAYWORK CONTRACT DRILLING		\$450,000
204/124	TURNKEY		
204/125	DIRECTIONAL DRILLING SVCS		\$135,000
204/126	DRILLING FLUIDS-MUD		\$100,000
204/127	FLUIDS AND SOLIDS DISPOSAL		\$125,000
204/128	WATER		\$25,000
204/129	COMMUNICATIONS		
204/130	POWER/FUEL/SURCHARGES		\$100,000
204/132	BITS		\$45,000
204/134	PUMP/VACUUM TRUCK		\$20,000
204/136	CEMENT AND CEMENT SERVICES		\$92,000
204/138	CASING CREW, POWER TONGS		\$25,000
204/140	OPEN HOLE LOGS		
204/142	MUDLOGGING SERVICES		
204/144	EQUIPMENT & TOOL RENTAL		\$235,000
204/145	NON CONTROLLABLE EQUIPMENT		
204/146	FISHING TOOLS & SERVICE		
204/147	LOST IN HOLE EQUIPMENT		
204/148	DST & CORING		
204/150	WIRELINE SERVICES		
204/152	TRUCKING & TRANSPORTATION		\$50,000
204/156	COIL TUBING UNIT		
204/158	TUBULAR INSPECT/TESTING		
204/172	SUPERVISION		\$50,000
204/174	LABOR & WELDING-CONTRACT		\$10,000
205/112	SURFACE CASING		\$25,000
205/114	SURFACE CASING ACCESSORIES		\$2,500
205/115	CASING HEAD		\$7,500
205/117	INTERMEDIATE CASING AND ACCESSORIES		\$160,000
204/182	INSURANCE		
204/180	MISCELLANEOUS		
206/114	PROD CASING ACCESSORIES ( Sleeves & Pkrs)		\$100,000
207/115	PRODUCTION CASING		\$110,000
<b>SUB TOTAL</b>		<b>\$0</b>	<b>\$1,984,000</b>
204/176	ADMIN OVERHEAD-DRILLING	\$0	
	Contingency (5%)		
<b>TOTAL</b>		<b>\$0</b>	<b>\$1,984,000</b>

AFE #:	33695
AREA:	North Dakota
UWI:	34-27-164-99

## INITIAL COMPLETION

206/118	MI/RU/RD/MO		
206/120	COMPLETION RIG-FOOTAGE		
206/122	COMPLETION RIG-DAY WORK		\$75,000
206/124	COMPLETION RIG-TURNKEY		
206/126	COMPLETION FLUIDS		
206/127	FLUIDS AND SOLIDS DISPOSAL		\$10,000
206/128	WATER		\$100,000
206/129	COMMUNICATIONS		
206/130	POWER/FUEL		
206/134	PUMP/VACUUM TRUCK		
206/136	CEMENT & CEMENT SERVICES		
206/138	CASING CREW		
206/142	CASED HOLE LOGS/GR-NEUTRO		\$7,500
206/144	RENTAL TOOLS & EQUIPMENT		\$250,000
206/145	NON CONTROLLABLE EQUIPMENT (boiler, steamer,		\$50,000
206/146	FISHING TOOLS AND SERVICE		
206/150	PERFORATING/WIRELINE		
206/152	TRANSPORTATION		\$125,000
206/154	FLOWBACK TESTING		\$65,000
206/156	COIL TUBING UNIT		\$75,000
206/158	TUBULAR INSPECT/TESTING		
206/160	ISOLATION TOOLS		
206/162	STIMULATION-ACIDIZING		
206/164	FRACTURING/STIMULATION		\$800,000
206/166	GRAVEL PACK		
206/168	PRODUCING TITLE OPINION		
206/170	WELL MONITORING/TESTING		
206/172	SUPERVISION		\$40,000
206/174	LABOR & WELDING CONTRACT		
207/120	TUBING		\$55,000
207/125	RODS		\$50,000
207/130	WELLHEAD & TREE		\$8,500
207/135	TUBINGHEAD TREE		
207/140	DOWNHOLE EQUIP		\$15,000
207/145	PACKERS, TUBING,		
207/180	MISCELLANEOUS		\$30,000
SUB TOTAL			\$1,756,000
206/176	OVERHEAD		
	CONTINGENCY		
TOTAL			\$1,756,000

## EQUIPPING

208/100	RIGHT OF WAY		
208/105	LEASE & WELL EQUIP - O/S		
208/110	RIGHT OF WAY - STAKE & SURVEY		\$10,000
208/120	RIGHT OF WAY-ACQUISITION COSTS		\$7,500
208/130	RIGHT OF WAY-TECHNICAL/SUPERVI		
208/145	ARTIFICIAL LIFT EQUIPMENT (pumpjack)		\$130,000
208/155	SEPERATION EQUIPMENT, TREATERS		\$65,000
208/160	HEATER, DE-HY, COMP		
208/165	TANK BATTERY & INSTALL.		\$40,000
208/170	FLOWLINES, VALVES, & FITTINGS		\$50,000
208/175	METER RUN AND GAS LINES		\$10,000
208/176	CONTRACT LABOR AND SERVICE		\$35,000
208/180	INSTRUMENTATION / SCADA		\$20,000
208/185	NON-SALVAGEABLE EQUIPMENT		\$10,000
208/195	RETIRE L&W EQUIPMENT		\$10,000
208/200	ELECTRICAL		\$45,000
208/210	SALES PIPELINE		
208/220	PIPELINE- LABOR & EQUIPMENT		
208/300	PIPELINE- PERMITTING COSTS		
208/310	MISCELLANEOUS (HAULING, RENTALS)		\$25,000
208/310	PIPELINE MATERIALS		
		SUB-TOTAL	\$457,500
	Contingency		
		TOTAL	\$457,500

Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 20<sup>th</sup> day of November, 2013, by and between Herb Parker and Vangie Parker, individually and as husband and wife, whose address is 9107 Meadowview Road, Minneapolis, MN 55425, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC., whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not





## Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:

☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

				-								
--	--	--	--	---	--	--	--	--	--	--	--	--

Employer identification number

--	--	--	--	--	--	--	--	--	--	--	--	--

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign  
Here

Signature of  
U.S. person ▶

Date ▶

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

## Kadrmass, Bethany R.

---

**From:** McCusker, David J.  
**Sent:** Friday, September 16, 2016 11:21 AM  
**To:** S. Thomas Throne  
**Cc:** Kadrmass, Bethany R.  
**Subject:** RE: Risk Penalty Case No. 22053

Hi Tom,

We would like to move forward on a determination in Case No. 22053. The items requested in my July 2, 2015 email below must be submitted no later than October 15, 2016. A determination will then be made based on the exhibits and evidence provided in the case.

***Dave McCusker***

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** S. Thomas Throne [mailto:TThrone@thronelaw.com]  
**Sent:** Tuesday, March 01, 2016 2:57 PM  
**To:** McCusker, David J.  
**Subject:** Re: Risk Penalty Case No. 22053

Thank you Will do

S. Thomas Throne

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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---

**From:** "McCusker, David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Tuesday, March 1, 2016 at 1:17 PM  
**To:** Throne Admin <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
John Morrison represented Bakken Hunter at a couple of proper spacing hearings on February 24, 2016, i.e. cases 24501 and 24502. After the hearings, I spoke with John and referenced this situation. He stated the landman you may have been working with probably is no longer there. John suggested you could contact him for his contact information with Bakken Hunter. I hope this helps.

*Dave McCusker*  
State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** S. Thomas Throne [<mailto:TThrone@thronelaw.com>]  
**Sent:** Friday, February 12, 2016 2:59 PM  
**To:** McCusker, David J.  
**Cc:** Kadrmas, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

David: I have emailed them several times about this issue and left voice messages. Bakken Hunter is in Bankruptcy now and it is hard to get in touch with anyone, but I will try. Tom

*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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---

**From:** "McCusker, David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Fri, 12 Feb 2016 20:33:08 +0000  
**To:** S Thomas Throne <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Cc:** Bethany Kadrmas <[brkadrmas@nd.gov](mailto:brkadrmas@nd.gov)>  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
Please provide an update. Thanks.

***Dave McCusker***

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
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Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

---

**From:** McCusker, David J.  
**Sent:** Friday, September 25, 2015 1:50 PM  
**To:** 'S. Thomas Throne'  
**Cc:** Kadrmas, Bethany R.  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
Regarding the correspondence below, could you provide an update? Thanks.

***Dave McCusker***

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046



---

**From:** S. Thomas Throne [<mailto:TThrone@thronelaw.com>]  
**Sent:** Thursday, July 02, 2015 2:00 PM  
**To:** McCusker, David J.  
**Cc:** Kadrmas, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

Dave: Thank you for the email. I will look through the files and send you what I have. I fear that these parties might have been unlocatable and therefore the force pooling. I will confirm and let you know. I don't know what I will do if that is the case. Tom

*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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---

**From:** <McCusker>, "David J." <[dmccusker@nd.gov](mailto:dmccusker@nd.gov)>  
**Date:** Thursday, July 2, 2015 at 12:40 PM  
**To:** Throne Admin <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>  
**Cc:** Bethany Kadrmas <[brkadrmas@nd.gov](mailto:brkadrmas@nd.gov)>  
**Subject:** Risk Penalty Case No. 22053

Tom,  
Case 22053 is an application of Bakken Hunter, LLC requesting an order authorizing the recovery of a risk penalty from certain non-participating owners. They are identified as Kathy J. Seeley, Gayle A. Arnson, Herb S. Parker, Robert Douglas Martin, and Lorna K. Skavlem. The case was heard March 27, 2014.

Regarding Kathy J. Seeley, the file indicates an invitation to participate was sent to each party. The file includes a copy of a tracking sheet indicating the invitation was delivered but does not indicate it was received by the party. NDAC 43-02-03-16.3 requires a signed receipt of the invitation. Please supplement the record with a signed receipt for service of the invitation to participate to Kathy J. Seeley.

Regarding Herb S. Parker and Robert Douglas Martin, the file indicates the service of the invitation to participate and the service of the Petition, Notice of Hearing and Affidavit to each party was returned undeliverable. NDAC 43-02-03-16.3 requires a signed receipt of the invitation and our policy requires signed receipt of the service of the Petition, Notice of Hearing and Affidavit. Please supplement the record with a signed receipt for service of the invitation to participate and a signed receipt of the service of the Petition, Notice of Hearing, and Affidavit of each party.

Thanks.

***Dave McCusker***

State of North Dakota  
North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
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<https://www.dmr.nd.gov/oilgas/>

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[Block](#) nd.gov

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## Kadrmass, Bethany R.

---

**From:** Michelle Lawson <MLawson@thronelaw.com>  
**Sent:** Friday, October 14, 2016 4:43 PM  
**To:** Kadrmass, Bethany R.  
**Cc:** S. Thomas Throne; rkubicki@bakkenhunter.com; RMSmith@triadhunter.energy; ledinger@triadhunter.energy  
**Subject:** Withdrawal of Certain Parties  
**Attachments:** Withdrawal of Certain Parties Case No. 21464.pdf; Withdrawal of Certain Parties Case No. 22053.pdf

Bethany,

Attached is a Withdrawal of Certain Parties for Case Nos. 22053 and 21464 from Bakken Hunter, LLC

*Michelle Lawson*  
[mlawson@thronelaw.com](mailto:mlawson@thronelaw.com)



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

**CASE NO. 22053**

In the matter of the petition for a risk penalty of Bakken Hunter, LLC, requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

**WITHDRAWAL OF CERTAIN PARTIES TO RISK PENALTY APPLICATION**

Bakken Hunter, LLC ("Bakken Hunter") by and through its Attorney, S. Thomas Throne, hereby withdraws its request to authorize the recovery of a risk penalty from the nonparticipating owners indicated below:

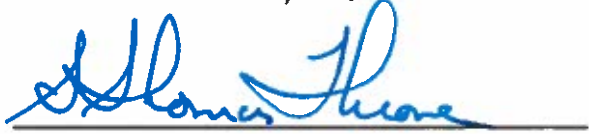
- a. Kathy J. Seeley;
- b. Herb S. Parker; and
- c. Robert Douglas Martin

A copy of this withdrawal will be mailed to the parties listed above. The balance of the Parties identified in the above-captioned Application remain subject to Bakken Hunter's request for risk penalty.

Dated this 14th day of October 2016.

BAKKEN HUNTER, LLC

By:



S. Thomas Throne, ND Bar ID# 06679

Throne Law Office, P.C.

Attorneys for Applicant

P. O. Drawer 6590

Sheridan, WY 82801

(307) 672-5858 Telephone

(307) 674-6104 Facsimile



## Kadrmass, Bethany R.

---

**From:** S. Thomas Throne <TThrone@thronelaw.com>  
**Sent:** Friday, February 12, 2016 2:59 PM  
**To:** McCusker, David J.  
**Cc:** Kadrmass, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

David: I have emailed them several times about this issue and left voice messages. Bakken Hunter is in Bankruptcy now and it is hard to get in touch with anyone, but I will try. Tom

*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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**Cc:** Bethany Kadrmass <[brkadrmass@nd.gov](mailto:brkadrmass@nd.gov)>  
**Subject:** RE: Risk Penalty Case No. 22053

Tom,  
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*Dave McCusker*  
State of North Dakota  
North Dakota Industrial Commission

Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
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**Sent:** Friday, September 25, 2015 1:50 PM  
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**Cc:** Kadrmas, Bethany R.  
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North Dakota Industrial Commission  
Department of Mineral Resources  
Oil & Gas Division  
Street Address: 1016 East Calgary Avenue  
Mailing Address: 600 East Boulevard  
Bismarck, ND 58505  
Office: (701) 328-8046  
Fax: (701) 328-8022  
<https://www.dmr.nd.gov/oilgas/>

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**To:** McCusker, David J.  
**Cc:** Kadrmas, Bethany R.  
**Subject:** Re: Risk Penalty Case No. 22053

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*S. Thomas Throne*

[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)



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**Date:** Thursday, July 2, 2015 at 12:40 PM

**To:** Throne Admin <[tthrone@thronelaw.com](mailto:tthrone@thronelaw.com)>

**Cc:** Bethany Kadrmas <[brkadrmas@nd.gov](mailto:brkadrmas@nd.gov)>

**Subject:** Risk Penalty Case No. 22053

Tom,

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Thanks.

***Dave McCusker***

State of North Dakota

North Dakota Industrial Commission

Department of Mineral Resources

Oil & Gas Division

Street Address: 1016 East Calgary Avenue

Mailing Address: 600 East Boulevard

Bismarck, ND 58505

Office: (701) 328-8046

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## Kadrmass, Bethany R.

---

**From:** Jennifer Schulenberg <JSchulenberg@thronelaw.com>  
**Sent:** Tuesday, April 08, 2014 9:27 AM  
**To:** Kadrmass, Bethany R.  
**Cc:** Nicholas Haderlie  
**Subject:** Case No. 22053  
**Attachments:** (14-97) Affidavit of Mailing.pdf

Bethany,

Attached is the Affidavit of Mailing for Case No. 22053.

Thank you.

*Jennifer Schulenberg*

[jschulenberg@thronelaw.com](mailto:jschulenberg@thronelaw.com)





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

**CASE NO. 22053**

In the matter of the petition for a risk penalty of Bakken Hunter, LLC, requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

**AFFIDAVIT OF MAILING**

I, Nicholas T. Haderlie, of lawful age, after having first duly sworn upon my oath, depose and state:

1. On March 4, 2014, I caused to be mailed by certified postage prepaid, return receipt requested, copies of the Application, Affidavit of David Keahey and Notice of Hearing filed in this matter, to Kathy J. Seeley, Gayle A. Arnson, Herb S. Parker, Robert Douglas Martin, and Lorna K. Skavlem. *See* Certificate of Service attached as Exhibit "A."

2. Proof of service upon Kathy J. Seeley is attached as Exhibit "B."

3. Proof of service upon Gayle A. Arnson is attached as Exhibit "C."

4. Proof of service upon Herb S. Parker is not available because it was returned undeliverable as addressed from the USPS. *See* attached Exhibit "D."

5. Proof of service upon Robert Douglas Martin is not available because the USPS failed to deliver or return the mailing. See attached Exhibit "E."

6. Proof of service upon Lorna K. Skavlem is attached as Exhibit "F."

DATED this 8<sup>th</sup> day of April 2014.



Nicholas T. Haderlie, ND Bar ID# 07176  
Throne Law Office, P.C.  
Attorney for Applicant  
P. O. Drawer 6590  
Sheridan, WY 82801  
(307) 672-5858 Telephone  
(307) 674-6104 Facsimile

STATE OF WYOMING     )  
                                      ) SS  
COUNTY OF SHERIDAN    )

The foregoing Affidavit was subscribed and sworn to before me by Nicholas T. Haderlie this 8<sup>th</sup> day of April 2014.

Witness my hand and official seal.

  
Notary Public

My commission expires: Jan. 31, 2016

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

**CASE NO. 22053**

In the matter of the petition for a risk penalty of Bakken Hunter, LLC, requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

**CERTIFICATE OF SERVICE**

I, the undersigned, hereby certify that on this 4<sup>th</sup> day of March 2014, a true and correct copy of the following documents:

1. Application of Bakken Hunter, LLC for Risk Penalty
2. Notice of Hearing; and
3. Affidavit of David Keahey

were served via postage prepaid certified U.S. mail to the following address :

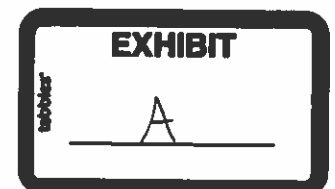
Kathy J. Seeley  
1511 East Hillcourt  
Williston, ND 58801

Gayle A. Arnson  
927 1st Avenue East  
Williston, ND 58801

Herb S. Parker  
9107 Meadowview Road  
Minneapolis, MN 55425

Robert Douglas Martin  
c/o Daily & Woods  
3538 North Highway  
Fayetteville, AR 72704

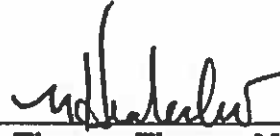
Lorna K. Skavlem  
1549 10<sup>th</sup> Avenue East  
West Fargo, ND 58078



Dated this 4<sup>th</sup> day of March 2014.

BAKKEN HUNTER, LLC

By:



S. Thomas Throne, ND Bar ID# 06679  
Nicholas T. Haderlie, ND Bar ID# 07176  
Throne Law Office, P.C.  
Attorneys for Bakken Hunter, LLC  
P. O. Drawer 6590  
Sheridan, WY 82801  
(307) 672-5858 Telephone  
(307) 674-6104 Facsimile



Date Produced: 03/17/2014

THRONE LAW OFFICE P.C.:

The following is the delivery information for Certified Mail™ item number 7199 9991 7033 6645 3526. Our records indicate that this item was delivered on 03/12/2014 at 11:50 a.m. in WILLISTON, ND 58801. The scanned image of the recipient information is provided below.

Signature of Recipient :  
(Authorized Agent)

*R. Seely*  
*RON SEELEY*

Address of Recipient :

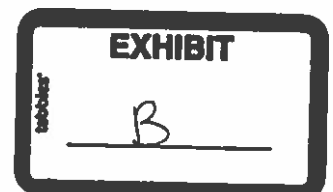
*1511 E. HILL COURT*

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,  
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

Customer Reference Number: 2000498 4880245814.97





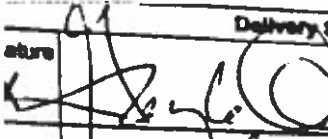


Date Produced: 04/02/2014

THRONE LAW OFFICE P.C.:

The following is the delivery information for Certified Mail™ item number 7199 9991 7033 6645 3533. Our records indicate that this item was delivered on 03/27/2014 at 11:29 a.m. in MESA, AZ 85208. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature	
Printed name	G. Arnson

Address of Recipient :

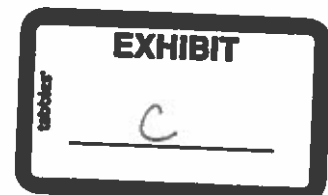
Delivery address	554 S. Desert Flower
------------------	----------------------

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,  
United States Postal Service

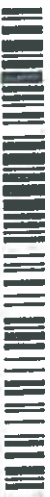
The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

Customer Reference Number: 2000498 4880245814.97



ST.CLV

ST



91 7199 9991 7033 6645 3540

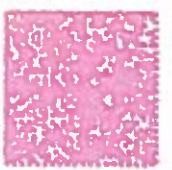
# FIRST CLASS MAIL

THRONE LAW OFFICE, P.C.  
ATTORNEYS AT LAW

P.O. DRAWER 6590

SHERIDAN, WYOMING 82801

Herb S.  
9108 Me  
Minneap  
14-97



UNITED STATES POSTAGE  
\$07.94  
0002000498 MAR 04 201  
MAILED FROM ZIP CODE 82801





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Find USPS Locations  
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USPS Tracking™

Tracking Number: 9171999991703366453557

## Product &amp; Tracking Information

## Available Actions

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First-Class Mail®

Features:  
Certified Mail™

Return Receipt Electronic

## DATE &amp; TIME

## STATUS OF ITEM

## LOCATION

March 7, 2014

Depart USPS Sort Facility

FAYETTEVILLE, AR 72701

March 7, 2014 , 4:41 am

Processed through USPS Sort Facility

FAYETTEVILLE, AR 72701

March 6, 2014

Depart USPS Sort Facility

LITTLE ROCK, AR 72231

March 6, 2014 , 4:40 pm

Processed through USPS Sort Facility

LITTLE ROCK, AR 72231

March 4, 2014

Electronic Shipping Info Received

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EXHIBIT

F



Date Produced: 03/24/2014

THRONE LAW OFFICE P.C.:

The following is the delivery information for Certified Mail™ item number 7199 9991 7033 6645 3564. Our records indicate that this item was delivered on 03/21/2014 at 09:59 a.m. in WEST FARGO, ND 58078. The scanned image of the recipient information is provided below.

Signature of Recipient :

A handwritten signature in black ink, appearing to read "John S. Throne".

Address of Recipient :

A handwritten address in black ink, appearing to read "720 30 1st".

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local post office or Postal Service representative.

Sincerely,  
United States Postal Service

The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

Customer Reference Number: 2000498 4880245814.97



## Kadrmass, Bethany R.

---

**From:** Jennifer Schulenberg <JSchulenberg@thronelaw.com>  
**Sent:** Tuesday, March 04, 2014 10:17 AM  
**To:** Kadrmass, Bethany R.  
**Cc:** Nicholas Haderlie  
**Subject:** Case No. 22053  
**Attachments:** Certificate of Service.pdf

Bethany,

Attached is the Certificate of Service for Case No. 22053.

*Jennifer Schulenberg*

[jschulenberg@thronelaw.com](mailto:jschulenberg@thronelaw.com)



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

**CASE NO. 22053**

In the matter of the petition for a risk penalty of Bakken Hunter, LLC, requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

**CERTIFICATE OF SERVICE**

I, the undersigned, hereby certify that on this 4<sup>th</sup> day of March 2014, a true and correct copy of the following documents:

1. Application of Bakken Hunter, LLC for Risk Penalty
2. Notice of Hearing; and
3. Affidavit of David Keahey

were served via postage prepaid certified U.S. mail to the following address :

Kathy J. Seeley  
1511 East Hillcourt  
Williston, ND 58801

Gayle A. Arnson  
927 1st Avenue East  
Williston, ND 58801

Herb S. Parker  
9107 Meadowview Road  
Minneapolis, MN 55425

Robert Douglas Martin  
c/o Daily & Woods  
3538 North Highway  
Fayetteville, AR 72704

Lorna K. Skavlem  
1549 10<sup>th</sup> Avenue East  
West Fargo, ND 58078



Dated this 4<sup>th</sup> day of March 2014.

BAKKEN HUNTER, LLC

By:



---

S. Thomas Throne, ND Bar ID# 06679  
Nicholas T. Haderlie, ND Bar ID# 07176  
Throne Law Office, P.C.  
Attorneys for Bakken Hunter, LLC  
P. O. Drawer 6590  
Sheridan, WY 82801  
(307) 672-5858 Telephone  
(307) 674-6104 Facsimile

## Kadrmass, Bethany R.

---

**From:** Jennifer Schulenberg <JSchulenberg@thronelaw.com>  
**Sent:** Friday, February 21, 2014 4:00 PM  
**To:** Kadrmass, Bethany R.  
**Cc:** Nicholas Haderlie  
**Subject:** Risk Penalty Application  
**Attachments:** Affidavit of David Keahey.pdf; Application for Risk Penalty.pdf

Bethany,

Attached is an Application of Bakken Hunter LLC for Risk Penalty and Affidavit of David Keahey to be added to the March 2014 docket.

Thank you.

*Jennifer Schulenberg*

[jschulenberg@thronelaw.com](mailto:jschulenberg@thronelaw.com)



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

In the matter of the petition for a risk penalty of Bakken Hunter, LLC, requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

CASE NO. \_\_\_\_\_

**APPLICATION OF BAKKEN HUNTER, LLC  
FOR RISK PENALTY**

Bakken Hunter, LLC ("Bakken Hunter") by and through its Attorneys, S. Thomas Throne and Nicholas T. Haderlie, respectfully shows the North Dakota Industrial Commission ("Commission") as follows:

1. Bakken Hunter is an owner of an interest in the oil and gas leasehold estate in Sections 27 and 34, Township 164 North, Range 99 West, 5<sup>th</sup> P.M. and Sections 3 and 10, Township 163 North, Range 99 West, 5<sup>th</sup> P.M., Divide County, North Dakota ("Sections 3, 10, 27 and 34").
2. Section 3, 10, 27 and 34 constitutes an approximate 2080-acre spacing unit in the Ambrose-Bakken Pool. The Pacer 3427-2MBH was spud on November 19, 2013.
3. Bakken Hunter is the operator of the Pacer 3427-2MBH drilled in Lot 4 of Section 3, Township 163 North, Range 99 West, 5<sup>th</sup> P.M., Divide County, North Dakota.

4. That Section 38-08-08(3) of the North Dakota Century Code ("NDCC") 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.

5. Bakken Hunter submits this Application seeking a risk penalty from the following nonparticipating owners in the Pacer 3427-2MBH well:

- a. Kathy J. Seeley;
- b. Gayle A. Arnson;
- c. Herb S. Parker;
- d. Robert Douglas Martin; and,
- e. Lorna K. Skavlem.

6. Bakken Hunter made a good faith effort to obtain an oil and gas lease from each of the above listed unleased mineral owners. Additionally, Bakken Hunter also submitted invitations to participate together with an AFE to each of the above listed owners.

7. Bakken Hunter has undertaken the following activities:

- a. Notified each nonparticipating owner of its intention to impose a risk penalty;
- b. Notified each nonparticipating owner that they may object to the petition. In each invitation to participate, Bakken Hunter notified each nonparticipating party of their right to file an application before the Commission; and,
- c. Invited each nonparticipating owner to participate in the well, if a working interest owner.

8. Bakken Hunter has complied with all of the Commission's rules and

regulations.

9. Bakken Hunter therefore requests that the Commission enter its order authorizing the recovery of a risk penalty from the nonparticipating owners indicated above, as provided by N.D.C.C. § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in the approximate 2080-acre spacing unit described as Sections 27 and 34, Township 164 North, Range 99 West, 5<sup>th</sup> P.M. and Sections 3 and 10, Township 163 North, Range 99 West, 5<sup>th</sup> P.M., Divide County, North Dakota, pursuant to Section 43-02-03-88.1, and such further relief as is appropriate.

10. Bakken Hunter further requests that it be allowed to present testimony by telephone pursuant to Section 43-02-03-88.2 of the North Dakota Administrative Code.

WHEREFORE, Bakken Hunter, LLC respectfully requests that this matter be set for hearing at the regularly scheduled hearings in March 2014, that its witnesses in this matter be allowed to participate by telephone, and that thereafter the Commission enter its order granting the relief requested, and such further relief as the Commission may deem appropriate.

Dated this 21<sup>st</sup> day of February 2014.

BAKKEN HUNTER, LLC

By: 

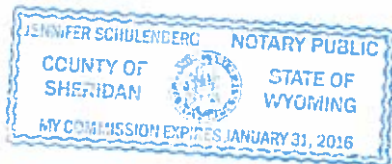
S. Thomas Throne, ND Bar ID# 06679  
Nicholas T. Haderlie, ND Bar ID# 07176  
Throne Law Office, P.C.  
Attorneys for Applicant  
P. O. Drawer 6590  
Sheridan, WY 82801  
(307) 672-5858 Telephone  
(307) 674-6104 Facsimile

STATE OF WYOMING                    )  
  ) ss.  
COUNTY OF SHERIDAN                )

Nicholas T. Haderlie, being first duly sworn on oath, deposes and says that he is the attorney for Applicant, that he has read the above and foregoing Application, knows the contents thereof, and that the same is true to the best of this Affiant's knowledge, information and belief.

  
\_\_\_\_\_  
Nicholas T. Haderlie

Subscribed and sworn to before me this 21 day of February 2014.



  
\_\_\_\_\_  
Notary Public

My Commission Expires: Jan. 31, 2016



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

**In the matter of the petition for a risk penalty of Bakken Hunter, LLC, requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer 3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, Township 164 North, Range 99 West and Sections 3 and 10, Township 163 North, Range 99 West, Ambrose-Bakken Pool, Divide County, North Dakota, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.**

**CASE NO. \_\_\_\_\_**

**AFFIDAVIT OF DAVID KEAHEY**

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF DENVER     )

I, David Keahey, being duly sworn, upon my oath state as follows:

1. I am a Landman for Bakken Hunter, LLC ("Bakken Hunter"), 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 80202.
2. I am familiar with the mineral ownership and leasehold interest in Sections 27 and 34, Township 164 North, Range 99 West, 5<sup>th</sup> P.M. and Sections 3 and 10, Township 163 North, Range 99 West, 5<sup>th</sup> P.M., Divide County, North Dakota ("Sections 3, 10, 27 and 34").
3. Bakken Hunter is an owner of an interest in the leasehold estate in Sections 3, 10, 27 and 34, and I am familiar with Bakken Hunter's operations on the spacing unit comprised of Sections 3, 10, 27 and 34.

4. Sections 3, 10, 27 and 34 comprises an approximate 2080-acre spacing unit for the Pacer 3427-2MBH well in the Ambrose-Bakken Pool. The Pacer 3427-2MBH well was spud on November 19, 2013.

5. The following mineral owners did not accept Bakken Hunter's offer to lease their minerals, did not respond to Bakken Hunter's invitation to participate in the Pacer 3427-2MBH well, and therefore elected not to participate in the drilling and completion operations of the Pacer 3427-2MBH well:

- a. Kathy J. Seeley;
- b. Gayle A. Arnson;
- c. Herb S. Parker;
- d. Robert Douglas Martin; and,
- e. Lorna K. Skavlem.

6. Bakken Hunter sent a letter dated November 20, 2013 to Kathy J. Seeley offering to lease her minerals, or alternatively, inviting her to participate in the Pacer 3427-2MBH well. The letter was sent via USPS Certified Mail, tracking number 70123460000255664760. Attached as **Exhibit A** is a true and correct copy of the letter Bakken Hunter sent to Kathy J. Seeley. Attached as **Exhibit B** is a true and correct copy of the Oil and Gas Lease offered to Kathy J. Seeley and which was included with the letter. Attached as **Exhibit C** is a true and correct copy of the AFE sent to Kathy J. Seeley and which was included with the letter.

7. The letter, Oil and Gas Lease and AFE sent to Kathy J. Seeley were delivered November 27, 2013. The Certified Mail Receipt with tracking number 70123460000255664760 was never returned by the United Postal Service; however, attached as **Exhibit D** is tracking information from the USPS web site showing that Tracking Number 70123460000255664760 was delivered November 27, 2013 at 9:12 a.m.

8. The letter sent to well Kathy J. Seeley and attached as **Exhibit A** constitutes a

good faith attempt by Bakken Hunter to lease Kathy J. Seeley's minerals in Section 34. Additionally, the letter indicated that if Kathy J. Seeley chose not to lease her minerals, she could elect to participate as a working interest owner in the drilling and completion of the Pacer 3427-2MBH well, and if she chose to participate, she had thirty days from the date of receipt of the letter to accept the well proposal. Finally, the letter indicated that if Kathy J. Seeley did not elect to participate within 30 days of receipt of the letter, Bakken Hunter would seek a risk penalty against her as a nonparticipating owner as provided by North Dakota law, and that any nonparticipating owner may object to the risk penalty by either responding in opposition to a petition for a risk penalty or requesting a hearing with the Commission. See **Exhibit A**.

9. Kathy J. Seeley has not responded to the letter attached as **Exhibit A**. Therefore, Bakken Hunter seeks and is entitled to assess a risk penalty against the interest of Kathy J. Seeley.

10. Bakken Hunter sent a letter dated November 20, 2013 to Gayle A. Arnson offering to lease her minerals, or alternatively, inviting her to participate in the Pacer 3427-2MBH well. The letter was sent via USPS Certified Mail, tracking number 70123460000255664777. Attached as **Exhibit E** is a true and correct copy of the letter Bakken Hunter sent to Gayle A. Arnson. Attached as **Exhibit F** is a true and correct copy of the Certified Mail Receipt with tracking number 70123460000255664777. Attached as **Exhibit G** is a true and correct copy of the Oil and Gas Lease offered to Gayle A. Arnson and which was included with the letter. Attached as **Exhibit H** is a true and correct copy of the AFE sent to Gayle A. Arnson and which was included with the letter.

11. The letter, Oil and Gas Lease and AFE sent to Gayle A. Arnson were delivered December 2, 2013. Attached as **Exhibit I** is tracking information from the USPS web site showing that Tracking Number 70123460000255664777 was delivered December 2, 2013 at 9:45 a.m.

12. The letter sent to well Gayle A. Arnson attached as **Exhibit E** constitutes a

good faith attempt by Bakken Hunter to lease Gayle A. Arnson's minerals in Section 34. Additionally, the letter indicated that if Gayle A. Arnson chose not to lease her minerals, she could elect to participate as a working interest owner in the drilling and completion of the Pacer 3427-2MBH well, and if she chose to participate, she had thirty days from the date of receipt of the letter to accept the well proposal. Finally, the letter indicated that if Gayle A. Arnson did not elect to participate within 30 days of receipt of the letter, Bakken Hunter would seek a risk penalty against her as a nonparticipating owner as provided by North Dakota law, and that any nonparticipating owner may object to the risk penalty by either responding in opposition to a petition for a risk penalty or requesting a hearing with the Commission. See **Exhibit E**.

13. Gayle A. Arnson has not responded to the letter attached as **Exhibit E**. Therefore, Bakken Hunter seeks and is entitled to assess a risk penalty against the interest of Gayle A. Arnson.

14. Bakken Hunter sent a letter dated November 20, 2013 to Herb S. Parker offering to lease his minerals, or alternatively, inviting him to participate in the Pacer 3427-2MBH well. The letter was sent via USPS Certified Mail, tracking number 70123460000255664807. Attached as **Exhibit J** is a true and correct copy of the letter Bakken Hunter sent to Herb S. Parker. Attached as **Exhibit K** is a true and correct copy of the Oil and Gas Lease offered to Herb S. Parker and which was included with the letter. Attached as **Exhibit L** is a true and correct copy of the AFE sent to Herb S. Parker and which was included with the letter.

15. The letter, Oil and Gas Lease and AFE sent to Herb S. Parker at his last known address of record were undeliverable. See **Exhibit M**. Reasonable efforts to locate an updated address were made by checking tax records, but such efforts revealed the same address.

16. The letter sent to well Herb S. Parker attached as **Exhibit J** constitutes a good faith attempt by Bakken Hunter to lease Herb S. Parker's minerals in Section 34.

Additionally, the letter indicated that if Herb S. Parker chose not to lease his minerals, he could elect to participate as a working interest owner in the drilling and completion of the Pacer 3427-2MBH well, and if he chose to participate, he had thirty days from the date of receipt of the letter to accept the well proposal. Finally, the letter indicated that if Herb S. Parker did not elect to participate within 30 days of receipt of the letter, Bakken Hunter would seek a risk penalty against him as a nonparticipating owner as provided by North Dakota law, and that any nonparticipating owner may object to the risk penalty by either responding in opposition to a petition for a risk penalty or requesting a hearing with the Commission. See **Exhibit J**.

17. Herb S. Parker has not responded to the letter attached as **Exhibit J**. Therefore, Bakken Hunter seeks and is entitled to assess a risk penalty against the interest of Herb S. Parker.

18. Bakken Hunter sent a letter dated November 20, 2013 to Robert Douglas Martin offering to lease his minerals, or alternatively, inviting him to participate in the Pacer 3427-2MBH well. The letter was sent via USPS Certified Mail, tracking number 70123460000255664906. Attached as **Exhibit N** is a true and correct copy of the letter Bakken Hunter sent to Robert Douglas Martin. Attached as **Exhibit O** is a true and correct copy of the Oil and Gas Lease offered to Robert Douglas Martin and which was included with the letter. Attached as **Exhibit P** is a true and correct copy of the AFE sent to Robert Douglas Martin and which was included with the letter.

19. The letter, Oil and Gas Lease and AFE sent to Robert Douglas Martin at his last known address of record were returned undeliverable. See **Exhibit R**. Reasonable efforts to locate an updated address were made by checking tax records, but such efforts revealed the same address.

20. The letter sent to well Robert Douglas Martin attached as **Exhibit N** constitutes a good faith attempt by Bakken Hunter to lease Robert Douglas Martin's minerals in Sections 3 and 10. Additionally, the letter indicated that if Robert Douglas

Martin chose not to lease his minerals, he could elect to participate as a working interest owner in the drilling and completion of the Pacer 3427-2MBH well, and if he chose to participate, he had thirty days from the date of receipt of the letter to accept the well proposal. Finally, the letter indicated that if Robert Douglas Martin did not elect to participate within 30 days of receipt of the letter, Bakken Hunter would seek a risk penalty against him as a nonparticipating owner as provided by North Dakota law, and that any nonparticipating owner may object to the risk penalty by either responding in opposition to a petition for a risk penalty or requesting a hearing with the Commission. See **Exhibit N**.

21. Robert Douglas Martin has not responded to the letter attached as **Exhibit N**. Therefore, Bakken Hunter seeks and is entitled to assess a risk penalty against the interest of Robert Douglas Martin.

22. Bakken Hunter sent a letter dated November 20, 2013 to Lorna K. Skavlem offering to lease her minerals, or alternatively, inviting her to participate in the Pacer 3427-2MBH well. The letter was sent via USPS Certified Mail, tracking number 70123460000255664739. Attached as **Exhibit S** is a true and correct copy of the letter Bakken Hunter sent to Lorna K. Skavlem. Attached as **Exhibit T** is a true and correct copy of the Certified Mail Receipt with tracking number 70123460000255664739. Attached as **Exhibit U** is a true and correct copy of the Oil and Gas Lease offered to Lorna K. Skavlem and which was included with the letter. Attached as **Exhibit V** is a true and correct copy of the AFE sent to Lorna K. Skavlem and which was included with the letter.

23. The letter, Oil and Gas Lease and AFE sent to Lorna K. Skavlem were delivered November 26, 2013. Attached as **Exhibit W** is tracking information from the USPS web site showing that Tracking Number 70123460000255664739 was delivered November 26, 2013 at 10:27 a.m.

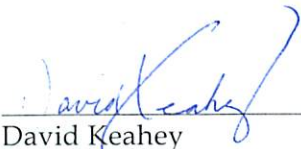
24. The letter sent to well Lorna K. Skavlem attached as **Exhibit S** constitutes a good faith attempt by Bakken Hunter to lease Lorna K. Skavlem's minerals in Section 34. Additionally, the letter indicated that if Lorna K. Skavlem chose not to lease her minerals,



she could elect to participate as a working interest owner in the drilling and completion of the Pacer 3427-2MBH well, and if she chose to participate, she had thirty days from the date of receipt of the letter to accept the well proposal. Finally, the letter indicated that if Lorna K. Skavlem did not elect to participate within 30 days of receipt of the letter, Bakken Hunter would seek a risk penalty against her as a nonparticipating owner as provided by North Dakota law, and that any nonparticipating owner may object to the risk penalty by either responding in opposition to a petition for a risk penalty or requesting a hearing with the Commission. See **Exhibit S**.

25. Lorna K. Skavlem has not responded to the letter attached as **Exhibit S**. Therefore, Bakken Hunter seeks and is entitled to assess a risk penalty against the interest of Lorna K. Skavlem.

FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
David Keahey

Subscribed and sworn to before me this 21 day of February 2014.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 6/25/16





**Bakken Hunter, LLC**



**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**  
**Receipt # 70123460000255664760**

November 20, 2013

Kathy J Seeley  
1511 East Hillcourt  
Williston, ND 58801

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 0.20 Net Acres located in:

Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

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## **Bakken Hunter, LLC**

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. Your *estimated* percentage of those costs is indicated on the enclosed AFE. Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. The previously sent offer to participate in the Pacer well is hereby withdrawn and should be replaced in all applicable files and records by this proposal.
4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202. Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

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**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', with a long horizontal flourish extending to the right.

Kyle Dollar  
Landman

**Enclosures:**

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9

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**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- ☐ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- ☐ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- ☐ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- ☐ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- ☐ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- ☐ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Kathy J Seeley**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

**410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939**

**A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"**

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Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of October, 2013, by and between Kathy J. Seeley, individually, whose address is 1511 East Hillcourt, Williston, North Dakota 58801, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC, whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) Years 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not



## AUTHORITY FOR EXPENDITURE

COST CENTER:	Pacer 2MBH	AFE #:	33695
AREA:	North Dakota	COST CENTER #:	96910
UWI:		OP/NON-OP	Op
D/E	Development	DATE:	July 15, 2013

<input type="checkbox"/>	Leasehold Acquisition	<input checked="" type="checkbox"/>	Initial Completion	<input type="checkbox"/>	Pipeline
<input type="checkbox"/>	Geology/Geophysics	<input type="checkbox"/>	Abandonment	<input type="checkbox"/>	Facilities
<input type="checkbox"/>		<input type="checkbox"/>	Recompletion / WO		
<input checked="" type="checkbox"/>	Drilling	<input checked="" type="checkbox"/>	Equipping	<input type="checkbox"/>	Engineering Studies

**DESCRIPTION:**

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**Operation Start Date:**

**AFE TOTAL \$4,197,500**

PARTICIPANTS	INTEREST %	SHARE
Bakken Hunter LLC	85.230226%	\$3,577,539
Kathy J Seeley	0.009637%	\$405
Others	14.760137%	\$619,557
TOTALS:	100.000000%	\$4,197,500

- Operator

## Bakken Hunter, LLC - APPROVALS

DEPT.		DATE
Operations		
Engineering		
Land	James R. Peay - VP Land	11/1/2013
Geology		
Finance		
President		

## PARTICIPANT APPROVAL

**Signed**

Name \_\_\_\_\_

Date \_\_\_\_\_



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Tracking Number: 70123460000255664760

Requested label is archived.

Restore Archived Details »

## Product &amp; Tracking Information

## Available Actions

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## Features:

Certified Mail™

## DATE &amp; TIME

November 27, 2013, 9:12  
am

## STATUS OF ITEM:

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## LOCATION:

WILLISTON, ND 58801

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What's your tracking (or receipt) number?

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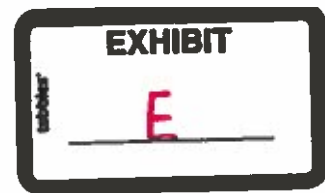
Postal Explorer »



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**Bakken Hunter, LLC**



**CERTIFIED MAIL, RETURN RECIEPT REQUESTED –**  
**Receipt # 70123460000255664777**

November 20, 2013

Gayle A Arnson  
927st Avenue East  
Williston, ND 58801

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 0.20 Net Acres located in:

Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

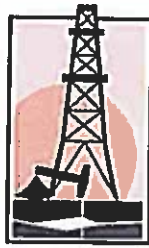
- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

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## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. **Your *estimated* percentage of those costs is indicated on the enclosed AFE.** Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
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4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

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[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)





**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', with a long horizontal flourish extending to the right.

Kyle Dollar  
Landman

**Enclosures:**

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9

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**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- \_\_\_\_\_ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- \_\_\_\_\_ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- \_\_\_\_\_ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- \_\_\_\_\_ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- \_\_\_\_\_ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- \_\_\_\_\_ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Gayle A Arnson**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

**410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939**

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EXHIBIT

F

## JER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Gayle A. Arnson  
927 1<sup>st</sup> Avenue East  
Williston, ND 58801

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature



## B. Received by (Printed Name)

Gayle Arnson

D. Is delivery address different from item 1? ☒ Yes ☐ No  
If YES, enter delivery address below:

☐ Agent's Address  
Date of Delivery

## 3. Service Type

- ☒ Certified Mail®    ☐ Priority Mail Express™  
☐ Registered    ☒ Return Receipt for Merchandise  
☐ Insured Mail    ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number  
(Transfer from service label)

7012 3460 0002 5566 4777

PS Form 3811, July 2013

Domestic Return Receipt

Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of October, 2013, by and between Gayle A. Arason, individually, whose address is 927 1<sup>st</sup> Avenue East, Williston, North Dakota 58801, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC, whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) Years 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not







## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

COST CENTER #: 96910

OP/NON-OP Op

**DATE:** **July 15, 2013**

**X Initial Completion**

## Pipeline

**Abandonment**

## Facilities

☒ **Equipping**

Engineering Studies

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL \$4,197,500**

PARTICIPANTS	INTEREST %	SHARE
Bakken Hunter LLC	85.230226%	\$3,577,539
Gayle A Amson	0.009637%	\$405
Others	14.760137%	\$618,557
TOTALS:	100.000000%	\$4,197,500

- Operator

## PARTICIPANT APPROVAL

DEPT.		DATE
Operations		
Engineering		
Land	James R. Peay - VP Land	11/1/2013
Geology		
Finance		
President		

**Signed**

Name \_\_\_\_\_

Date \_\_\_\_\_



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Requested label is archived.

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## Product &amp; Tracking Information

## Available Actions

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Features:

Certified Mail™

DATE &amp; TIME

December 2, 2013, 9:45  
am

STATUS OF ITEM

Delivered

LOCATION

WILLISTON, ND 58801

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What's your tracking (or receipt) number?

Track It

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**Bakken Hunter, LLC**



**CERTIFIED MAIL, RETURN RECEIPT REQUESTED -**

**Receipt #** 7012 3460 6002 5566 4807

November 20, 2013

Herb S Parker  
9107 Meadowview Road  
Minneapolis, MN 55425

**RE: Well Name:** Pacer 3427-2MBH (the "Well")  
**Drilling or Spacing Unit:** Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 3.00 Net Acres located in:

Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

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## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. Your *estimated* percentage of those costs is indicated on the enclosed AFE. Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. The previously sent offer to participate in the Pacer well is hereby withdrawn and should be replaced in all applicable files and records by this proposal.
4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

*This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.*

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

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## Bakken Hunter, LLC

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'KD', is written over a horizontal line.

Kyle Dollar  
Landman

AK  
11/21/13

Enclosures:

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9

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**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- ☐ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- ☐ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- ☐ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- ☐ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- ☐ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- ☐ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

**Herb S Parker**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

**410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939**

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Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS #1-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 20<sup>th</sup> day of November, 2013, by and between Herb Parker and Vangie Parker, individually and as husband and wife, whose address is 9107 Meadowview Road, Minneapolis, MN 55425, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC, whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 169.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) Years 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not

terminate by reason of any such delay, interruption or stoppage, and period of such delay, interruption or stoppage shall be added to the term 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 that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor the minerals, royalty or a lease covering any or all of the rights and substances covered by this lease and covering all or a portion of the land described herein, lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. Furthermore, Lessee may extend this Oil and Gas Lease for an additional period of three (3) years if, prior to the expiration of the primary term of this Oil and Gas Lease, Lessee tenders payment (either by check, wire or draft) to Lessor an amount equal to One Thousand Dollars (\$1,000.00) per net acre.

18. Other than automatic expiration of the Lease because Lessee has not found oil or gas in paying quantities or has not commenced drilling activities on the Premises within the primary term or any extended primary term, it is agreed that this Lease shall never be forfeited, terminated or cancelled until it has first been judicially determined that the Lease has been materially breached by Lessee and following such judicial determination, Lessee is given a reasonable time to cure any breach and fails to effect such cure within such reasonable period of time.

19. In the event Lessor considers that Lessee has not complied with all of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this lease. Lessee shall then have sixty (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 on said lease for any cause, 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 hereunder. 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 until a judicial determination is made that such failure exists and Lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

20. This lease shall terminate at the end of the primary term as to all of the leased land except those tracts within a production or spacing unit prescribed by law or administrative authority on which is located a well producing or capable of producing oil and/or gas on which Lessee is engaged in drilling or reworking operations. This lease shall not terminate so long as drilling or reworking operations are being continuously prosecuted if not more than 180 days shall lapse between the completion or abandonment of one well and the beginning of operations for the drilling of another well.

21. The right to shut-in a well capable of producing gas provided in this lease shall be limited to three (3) years beyond the primary term.

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

\_\_\_\_\_  
Herb Parker

\_\_\_\_\_  
Vangie Parker

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

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 2013, personally appeared Herb Parker and Vangie Parker, 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 they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires \_\_\_\_\_  
(Spell out month)

\_\_\_\_\_  
Notary Public  
Print Notary's Name: \_\_\_\_\_  
Residing at \_\_\_\_\_

# Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

<b>Part I Taxpayer Identification Number (TIN)</b>																					
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I Instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.  Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.																					
<table border="1"> <tr> <th colspan="10">Social security number</th> </tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>		Social security number																			
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Employer identification number																					

<b>Part II Certification</b>	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below).	
<b>Certification Instructions.</b> You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	
Sign Here	Signature of U.S. person ▶ _____ Date ▶ _____

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

## Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



AFE #:	
AREA:	North Dakota
UWI:	34-27-164-89

		DRILLING	
		Drill & Abandon Costs	Drill & Case costs
204/106	LOCATION SURVEY & PLAT		\$10,000
204/108	ENVIRONMENTAL SITE ASSESS.		\$5,000
204/110	DRILLSITE TITLE OPINION		\$5,000
204/112	PERMITS AND DAMAGES		\$12,000
204/114	BUILD LOCATION,PITS & ROAD		\$35,000
204/116	RAT & MOUSE HOLE & WATER WELL		\$15,000
204/118	M/RU/RD/MO		\$35,000
204/120	FOOTAGE CONTRACT DRILLING		
204/122	DAYWORK CONTRACT DRILLING		\$450,000
204/124	TURNKEY		
204/125	DIRECTIONAL DRILLING SVCS		\$135,000
204/126	DRILLING FLUIDS-MUD		\$100,000
204/127	FLUIDS AND SOLIDS DISPOSAL		\$125,000
204/128	WATER		\$25,000
204/129	COMMUNICATIONS		
204/130	POWER/FUEL/SURCHARGES		\$100,000
204/132	BITS		\$45,000
204/134	PUMP/VACUUM TRUCK		\$20,000
204/136	CEMENT AND CEMENT SERVICES		\$92,000
204/138	CASING CREW, POWER TONGS		\$25,000
204/140	OPEN HOLE LOGS		
204/142	MUDLOGGING SERVICES		
204/144	EQUIPMENT & TOOL RENTAL		\$235,000
204/145	NON CONTROLLABLE EQUIPMENT		
204/146	FISHING TOOLS & SERVICE		
204/147	LOST IN HOLE EQUIPMENT		
204/148	DST & CORING		
204/150	WIRELINE SERVICES		
204/152	TRUCKING & TRANSPORTATION		\$50,000
204/156	COIL TUBING UNIT		
204/158	TUBULAR INSPECT/TESTING		
204/172	SUPERVISION		\$50,000
204/174	LABOR & WELDING-CONTRACT		\$10,000
205/112	SURFACE CASING		\$25,000
205/114	SURFACE CASING ACCESSORIES		\$2,500
205/115	CASING HEAD		\$7,500
205/117	INTERMEDIATE CASING AND ACCESSORIES		\$160,000
204/182	INSURANCE		
204/180	MISCELLANEOUS		
206/114	PROD CASING ACCESSORIES ( Sleeves & Pkrs)		\$100,000
207/115	PRODUCTION CASING		\$110,000
SUB TOTAL		\$0	\$1,984,000
204/176	ADMIN OVERHEAD-DRILLING	\$0	
	Contingency (5%)		
TOTAL		\$0	\$1,984,000



AFE #:	33695
AREA:	North Dakota
UWI:	34-27-164-89

# **INITIAL COMPLETION**

206/118	MI/RU/RD/MO		
206/120	COMPLETION RIG-FOOTAGE		
206/122	COMPLETION RIG-DAY WORK		\$75,000
206/124	COMPLETION RIG-TURNKEY		
206/126	COMPLETION FLUIDS		
206/127	FLUIDS AND SOLIDS DISPOSAL		\$10,000
206/128	WATER		\$100,000
206/129	COMMUNICATIONS		
206/130	POWER/FUEL		
206/134	PUMP/VACUUM TRUCK		
206/136	CEMENT & CEMENT SERVICES		
206/138	CASING CREW		
206/142	CASED HOLE LOGS/GR-NEUTRO		\$7,500
206/144	RENTAL TOOLS & EQUIPMENT		\$250,000
206/145	NON CONTROLLABLE EQUIPMENT (boiler, steamer,		\$50,000
206/146	FISHING TOOLS AND SERVICE		
206/150	PERFORATING/WIRELINE		
206/152	TRANSPORTATION		\$125,000
206/154	FLOWBACK TESTING		\$65,000
206/156	COIL TUBING UNIT		\$75,000
206/158	TUBULAR INSPECT/TESTING		
206/160	ISOLATION TOOLS		
206/162	STIMULATION-ACIDIZING		
206/164	FRACTURING/STIMULATION		\$800,000
206/166	GRAVEL PACK		
206/168	PRODUCING TITLE OPINION		
206/170	WELL MONITORING/TESTING		
206/172	SUPERVISION		\$40,000
206/174	LABOR & WELDING CONTRACT		
207/120	TUBING		\$55,000
207/125	RODS		\$50,000
207/130	WELLHEAD & TREE		\$8,500
207/135	TUBINGHEAD TREE		
207/140	DOWNHOLE EQUIP		\$15,000
207/145	PACKERS, TUBING,		
207/180	MISCELLANEOUS		\$30,000
SUB TOTAL			\$1,756,000
206/176	OVERHEAD		
	CONTINGENCY		
TOTAL			\$1,756,000

## EQUIPPING

208/100	RIGHT OF WAY		
208/105	LEASE & WELL EQUIP - O/S		
208/110	RIGHT OF WAY - STAKE & SURVEY		\$10,000
208/120	RIGHT OF WAY-ACQUISITION COSTS		\$7,500
208/130	RIGHT OF WAY-TECHNICAL/SUPERVI		
208/145	ARTIFICIAL LIFT EQUIPMENT (pumpjack)		\$130,000
208/155	SEPERATION EQUIPMENT, TREATERS		\$65,000
208/160	HEATER, DE-HY, COMP		
208/165	TANK BATTERY & INSTALL.		\$40,000
208/170	FLOWLINES, VALVES, & FITTINGS		\$50,000
208/175	METER RUN AND GAS LINES		\$10,000
208/176	CONTRACT LABOR AND SERVICE		\$35,000
208/180	INSTRUMENTATION / SCADA		\$20,000
208/185	NON-SALVAGEABLE EQUIPMENT		\$10,000
208/195	RETIRE L&W EQUIPMENT		\$10,000
208/200	ELECTRICAL		\$45,000
208/210	SALES PIPELINE		
208/220	PIPELINE- LABOR & EQUIPMENT		
208/300	PIPELINE- PERMITTING COSTS		
208/310	MISCELLANEOUS (HAULING,RENTALS)		\$25,000
208/310	PIPELINE MATERIALS		
		SUB-TOTAL	\$457,500
	Contingency		
		TOTAL	\$457,500

EXHIBIT

M

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Herb Hunter  
910 Meadowview Road  
Minneapolis, MN 55425

## 2. Article Number

(Transfer from service label)

7012 3460 0002 5566 4807

PS Form 3811, July 2013

Domestic Return Receipt

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

☐ Agent☐ Addressee

## B. Received by (Printed Name)

## C. Date of Delivery

- D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

## 3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

## 4. Restricted Delivery? (Extra Fee)

☐ Yes

7012 3460 0002 5566 4807



Bakken Hunter, LLC  
410 17TH STREET, SUITE 1000  
DENVER CO 80202

VACANT

VACANT



**Bakken Hunter, LLC**



**CERTIFIED MAIL, RETURN RECEIPT REQUESTED -**

Receipt # 7012 3460 0002 5566 4906

November 20, 2013

Robert Douglas Martin  
c/o Daily & Woods  
3538 North Highway  
Fayetteville, AR 72704

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 2.5038 Net Acres located in:

Township 163N, Range 99 West, 5<sup>th</sup> PM  
Section 3: Lots 1(40.24), 2(40.24) and S2NE/4  
Section 10: NE4

BAK offers to lease your mineral interests for \$600.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)



## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. **Your *estimated* percentage of those costs is indicated on the enclosed AFE.** Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)



**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

  
Kyle Dollar  
Landman

AKK  
11/21/13

Enclosures:

AFE

Oil and Gas Lease

Internal Revenue Service Form W-9

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**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- ☐ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- ☐ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- ☐ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- ☐ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- ☐ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- ☐ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes (please include physical address along with fax and email if applicable).

Robert Douglas Martin

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202

410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)

Return to:  
Bakken Hunter Resources  
Attn: Land Department  
410 17<sup>th</sup> Street, Suite 1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 20th day of November, 2013, by and between Robert Douglas Martin whose address is c/o Daily Woods 3538 North Highway, Fayetteville, AR 72704 hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC., whose address is 410 17<sup>th</sup> Street, Suite 1000, 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 163 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 03: Lots 1(40.24), 2(40.24), and S2NE4  
Section 10: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 320.48 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) Years 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

- 3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.
6. 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.
7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.
8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.
9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.
10. Lessee 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.
11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.
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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not terminate by reason of any such delay, interruption or stoppage, and period of such delay, interruption or stoppage shall be added to the term 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 that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor the minerals, royalty or a lease covering any or all of the rights and substances covered by this lease and covering all or a portion of the land described herein, lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. Furthermore, Lessee may extend this Oil and Gas Lease for an additional period of Two (2) years if, prior to the expiration of the primary term of this Oil and Gas Lease, Lessee tenders payment (either by check, wire or draft) to Lessor an amount equal to Six Hundred Dollars (\$600.00) per net acre.

18. Other than automatic expiration of the Lease because Lessee has not found oil or gas in paying quantities or has not commenced drilling activities on the Premises within the primary term or any extended primary term, it is agreed that this Lease shall never be forfeited, terminated or cancelled until it has first been judicially determined that the Lease has been materially breached by Lessee and following such judicial determination, Lessee is given a reasonable time to cure any breach and fails to effect such cure within such reasonable period of time.

19. In the event Lessor considers that Lessee has not complied with all of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this lease. Lessee shall then have sixty (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 on said lease for any cause, 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 hereunder. 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 until a judicial determination is made that such failure exists and Lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

20. This lease shall terminate at the end of the primary term as to all of the leased land except those tracts within a production or spacing unit prescribed by law or administrative authority on which is located a well producing or capable of producing oil and/or gas on which Lessee is engaged in drilling or reworking operations. This lease shall not terminate so long as drilling or reworking operations are being continuously prosecuted if not more than 180 days shall lapse between the completion or abandonment of one well and the beginning of operations for the drilling of another well.

21. The right to shut-in a well capable of producing gas provided in this lease shall be limited to three (3) years beyond the primary term.

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

\_\_\_\_\_  
Robert Douglas Martin

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

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 2010, personally appeared Barry Miller and Carla Miller, to me known to be the identical persons, described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires \_\_\_\_\_  
(Spell out month)

\_\_\_\_\_  
Notary Public  
Print Notary's Name: \_\_\_\_\_  
Residing at \_\_\_\_\_

# Request for Taxpayer Identification Number and Certification

Give Form to the  
requester. Do not  
send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.) City, state, and ZIP code List account number(s) here (optional)	Requester's name and address (optional)

<b>Part I Taxpayer Identification Number (TIN)</b> Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I Instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.  Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.	<b>Social security number</b> [ ][ ]-[ ][ ]-[ ][ ][ ][ ]  <b>Employer identification number</b> [ ][ ]-[ ][ ][ ][ ][ ][ ][ ]
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<b>Part II Certification</b> Under penalties of perjury, I certify that: 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below).  Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	<b>Sign Here</b> Signature of U.S. person ▶ _____ Date ▶ _____
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<b>General Instructions</b> Section references are to the Internal Revenue Code unless otherwise noted.  <b>Purpose of Form</b> A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to: 1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued), 2. Certify that you are not subject to backup withholding, or 3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.	<b>Note.</b> If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.  <b>Definition of a U.S. person.</b> For federal tax purposes, you are considered a U.S. person if you are: • An individual who is a U.S. citizen or U.S. resident alien, • A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, • An estate (other than a foreign estate), or • A domestic trust (as defined in Regulations section 301.7701-7). <b>Special rules for partnerships.</b> Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.
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AFE #:	
AREA:	North Dakota
UWI:	34-27-184-99

		DRILLING	
		Drill & Abandon Costs	Drill & Case costs
204/106	LOCATION SURVEY & PLAT		\$10,000
204/108	ENVIRONMENTAL SITE ASSESS.		\$5,000
204/110	DRILLSITE TITLE OPINION		\$5,000
204/112	PERMITS AND DAMAGES		\$12,000
204/114	BUILD LOCATION,PITS & ROAD		\$35,000
204/116	RAT & MOUSE HOLE & WATER WELL		\$15,000
204/118	MI/RU/RD/MO		\$35,000
204/120	FOOTAGE CONTRACT DRILLING		
204/122	DAYWORK CONTRACT DRILLING		\$450,000
204/124	TURNKEY		
204/125	DIRECTIONAL DRILLING SVCS		\$135,000
204/126	DRILLING FLUIDS-MUD		\$100,000
204/127	FLUIDS AND SOLIDS DISPOSAL		\$125,000
204/128	WATER		\$25,000
204/129	COMMUNICATIONS		
204/130	POWER/FUEL/SURCHARGES		\$100,000
204/132	BITS		\$45,000
204/134	PUMP/VACUUM TRUCK		\$20,000
204/136	CEMENT AND CEMENT SERVICES		\$92,000
204/138	CASING CREW, POWER TONGS		\$25,000
204/140	OPEN HOLE LOGS		
204/142	MUDLOGGING SERVICES		
204/144	EQUIPMENT & TOOL RENTAL		\$235,000
204/145	NON CONTROLLABLE EQUIPMENT		
204/146	FISHING TOOLS & SERVICE		
204/147	LOST IN HOLE EQUIPMENT		
204/148	DST & CORING		
204/150	WIRELINE SERVICES		
204/152	TRUCKING & TRANSPORTATION		\$50,000
204/156	COIL TUBING UNIT		
204/158	TUBULAR INSPECT/TESTING		
204/172	SUPERVISION		\$50,000
204/174	LABOR & WELDING-CONTRACT		\$10,000
205/112	SURFACE CASING		\$25,000
205/114	SURFACE CASING ACCESSORIES		\$2,500
205/116	CASING HEAD		\$7,500
205/117	INTERMEDIATE CASING AND ACCESSORIES		\$160,000
204/182	INSURANCE		
204/180	MISCELLANEOUS		
206/114	PROD CASING ACCESSORIES ( Sleeves & Pkrs)		\$100,000
207/115	PRODUCTION CASING		\$110,000
SUB TOTAL		\$0	\$1,984,000
204/176	ADMIN OVERHEAD-DRILLING	\$0	
	Contingency (5%)		
TOTAL		\$0	\$1,984,000

AFE #:	33695
AREA:	North Dakota
UWI:	34-27-164-99

## INITIAL COMPLETION

206/118	MI/RU/RD/MO		
206/120	COMPLETION RIG-FOOTAGE		
206/122	COMPLETION RIG-DAY WORK		\$75,000
206/124	COMPLETION RIG-TURNKEY		
206/126	COMPLETION FLUIDS		
206/127	FLUIDS AND SOLIDS DISPOSAL		\$10,000
206/128	WATER		\$100,000
206/129	COMMUNICATIONS		
206/130	POWER/FUEL		
206/134	PUMP/VACUUM TRUCK		
206/136	CEMENT & CEMENT SERVICES		
206/138	CASING CREW		
206/142	CASED HOLE LOGS/GR-NEUTRO		\$7,500
206/144	RENTAL TOOLS & EQUIPMENT		\$250,000
206/145	NON CONTROLLABLE EQUIPMENT (boiler, steamer,		\$50,000
206/146	FISHING TOOLS AND SERVICE		
206/150	PERFORATING/WIRELINE		
206/152	TRANSPORTATION		\$125,000
206/154	FLOWBACK TESTING		\$65,000
206/156	COIL TUBING UNIT		\$75,000
206/158	TUBULAR INSPECT/TESTING		
206/160	ISOLATION TOOLS		
206/162	STIMULATION-ACIDIZING		
206/164	FRACTURING/STIMULATION		\$800,000
206/166	GRAVEL PACK		
206/168	PRODUCING TITLE OPINION		
206/170	WELL MONITORING/TESTING		
206/172	SUPERVISION		\$40,000
206/174	LABOR & WELDING CONTRACT		
207/120	TUBING		\$55,000
207/125	RODS		\$50,000
207/130	WELLHEAD & TREE		\$8,500
207/135	TUBINGHEAD TREE		
207/140	DOWNHOLE EQUIP		\$15,000
207/145	PACKERS, TUBING,		
207/180	MISCELLANEOUS		\$30,000
SUB TOTAL			\$1,756,000
206/176	OVERHEAD		
	CONTINGENCY		
TOTAL			\$1,756,000

## EQUIPPING

208/100	RIGHT OF WAY		
208/105	LEASE & WELL EQUIP - O/S		
208/110	RIGHT OF WAY - STAKE & SURVEY		\$10,000
208/120	RIGHT OF WAY-ACQUISITION COSTS		\$7,500
208/130	RIGHT OF WAY-TECHNICAL/SUPERVI		
208/145	ARTIFICIAL LIFT EQUIPMENT (pumpjack)		\$130,000
208/155	SEPERATION EQUIPMENT, TREATERS		\$65,000
208/160	HEATER, DE-HY, COMP		
208/165	TANK BATTERY & INSTALL.		\$40,000
208/170	FLOWLINES, VALVES, & FITTINGS		\$50,000
208/175	METER RUN AND GAS LINES		\$10,000
208/176	CONTRACT LABOR AND SERVICE		\$35,000
208/180	INSTRUMENTATION / SCADA		\$20,000
208/185	NON-SALVAGEABLE EQUIPMENT		\$10,000
208/195	RETIRE L&W EQUIPMENT		\$10,000
208/200	ELECTRICAL		\$45,000
208/210	SALES PIPELINE		
208/220	PIPELINE- LABOR & EQUIPMENT		
208/300	PIPELINE- PERMITTING COSTS		
208/310	MISCELLANEOUS (HAULING,RENTALS)		\$25,000
208/310	PIPELINE MATERIALS		
		SUB-TOTAL	\$457,500
	Contingency		
		TOTAL	\$457,500

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Robert Douglas Martin  
C/O Daily & Woods  
3538 North Highway  
Fayetteville, AR 72704

## 2. Article Number

(Transfer from service label)

7012 3460 0002 5566 4906

PS Form 3811, July 2013

Domestic Return Receipt

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

☐ Agent☐ Addressee

## B. Received by (Printed Name)

## C. Date of Delivery

## D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

## 3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

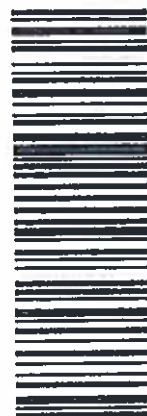
## 4. Restricted Delivery? (Extra Fee)

☐ Yes

EXHIBIT

R

7012 3460 0002 5566 4906



Bakken Hunter, LLC  
410 17TH STREET, SUITE 1000  
DENVER CO 80202

Robert Douglas Martin  
C/O Daily Woods  
3538 North Highway  
Fayetteville AR 72704

NOT DELIVERABLE  
AS ADDRESSEE  
UNABLE TO FORWARD

5/1/24



**Bakken Hunter, LLC**



**CERTIFIED MAIL, RETURN RECEIPT REQUESTED –**  
**Receipt # 70123460000255664739**

November 20, 2013

Lorna K Skavlem  
1549 10<sup>th</sup> Avenue East  
West Fargo, ND 58078

RE: Well Name: Pacer 3427-2MBH (the "Well")  
Drilling or Spacing Unit: Sections 27 & 34, Township 164N, Range 99W, 5<sup>th</sup> PM  
Sections 3 & 10, Township 163N, Range 99W, 5<sup>th</sup> PM  
Divide County, North Dakota

Gentlemen or Madam:

According to our records, you are the owner of a mineral interest not subject to a lease or other contract for development within the referenced Drilling or Spacing Unit. Bakken Hunter, LLC ("BAK") hereby invites you to lease your mineral interests to BAK or participate in the drilling and completion of the referenced Well. This letter will serve as notice, pursuant to the provision of Section 38-08-08 of the North Dakota Century Code and Section 43-02-03-16.3 of the North Dakota Administrative Code.

Our records indicate that you own 0.20 Net Acres located in:

Township 164N, Range 99 West, 5<sup>th</sup> PM  
Section 34: NE4

BAK offers to lease your mineral interests for \$1000.00 per net mineral acre on the enclosed lease form which reflects an 18.75% royalty with a three (3) year term.

If you would like to lease your mineral interest to BAK:

- a) Please execute the enclosed oil and gas lease, have it Notarized and send it to the undersigned in the time period permitted, as explained below.
- b) Fill out the Internal Revenue Service Form W-9 that is enclosed and return it with a copy of the executed and Notarized lease.
- c) Subject to confirmation of title, BAK will send you a check for the bonus.

***This invitation to lease your minerals in the referenced Well must be accepted within thirty (30) days of receipt.***

410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)



## Bakken Hunter, LLC

In the alternative, you may participate as a working interest participant in the well.

BAK proposes to drill the above referenced well as follows:

1. BAK plans to drill the Well at a surface location of 230' FNL and 1100' FWL, Lot 4, Section 3, T163N, R99W, Divide County, North Dakota. The Well will be drilled as a single lateral horizontal to test the Bakken formation at an approximate true vertical depth of 7621.0' with an approximate true measured depth of 14084.4'. Contingent on rig availability, the Well is currently estimated to spud on or about November 18, 2013.
2. As more particularly itemized on the enclosed AFE, the estimated costs of drilling and completion of this Well is \$4,197,500.00. Your *estimated* percentage of those costs is indicated on the enclosed AFE. Such working interest is an *estimate* and will be confirmed upon receipt of a Drilling and Division Order Title Opinion.
3. The previously sent offer to participate in the Pacer well is hereby withdrawn and should be replaced in all applicable files and records by this proposal.
4. A Drilling and Division Order Title Opinion is being prepared to confirm ownership of the parties within the drilling or spacing unit. Your proportionate share of this well is subject to confirmation by the pending Drilling and Division Order Title Opinion. Upon confirmation of ownership, a Joint Operating Agreement will be prepared and submitted to participating working interest owners for review and execution.

If you elect not to lease to BAK and instead wish to participate with your proportionate interest in this Well, please indicate your acceptance of BAK's invitation by signing the AFE and the Well Election Ballot and returning one (1) executed copy of each to BAK and (2) your well information requirements and appropriate contact information (i.e. address, telephone, email and fax) to Bakken Hunter, LLC at 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202, Attn: Kyle Dollar.

***This invitation to participate in the referenced Well must be accepted within thirty (30) days of receipt.***

In the event you do not timely accept BAK's invitation to participate in the Well by returning signed copies of the AFE and Well Election Page, you will be deemed to have elected to not participate in the drilling and completion of the Well. In that case, BAK plans to impose a risk penalty as provided by North Dakota law and regulation. You, as a non-participating 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.

410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939

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[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)





**Bakken Hunter, LLC**

If you do not want to lease or participate, please contact the undersigned about selling your interest.

Thank you and, should you have any questions or comments, please do not hesitate to contact the undersigned at (720) 443-6578 or [kdollar@willistonhunter.com](mailto:kdollar@willistonhunter.com).

Sincerely

Kyle Dollar  
Landman

**Enclosures:**

AFE  
Oil and Gas Lease  
Internal Revenue Service Form W-9

410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939

A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"

[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)



**Bakken Hunter, LLC**

**WELL ELECTION BALLOT TO PARTICIPATE IN THE  
PACER 2MBH WELL  
SECTIONS 27 AND 34-T164N-R99W  
SECTIONS 3 AND 10-T163N-R99W  
DIVIDE COUNTY, ND**

**A. PARTICIPATION ELECTION:**

- ☐ Elect TO PARTICIPATE with my proportionate share of the drilling, completion and equipping costs.
- ☐ Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well and the future development of this drilling unit. Thus, we will be subject to Sec 38-08-08 of the N.D. Century Code allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

**B. INSURANCE AND MARKETING COVERAGES:**

- ☐ Agree to be covered and pay my proportionate share of Operator's INSURANCE COVERAGE as applied to the cost of the well.
- ☐ Elect to provide MY OWN INSURANCE coverage and I will provide a valid certificate of insurance in the minimum amounts specified by the Operator. (Please contact the Operator for coverage details.)
- ☐ Agree to allow Operator to MARKET my proportionate share of any oil and gas produced and sold, and allow Operator to make payment of proceeds to my account.

**C. WELL INFORMATION:**

- ☐ Included are my WELL INFORMATION REQUIREMENTS with specific contact information for notice purposes.

**Lorna K Skavlem**

By: \_\_\_\_\_ SSN#: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Return to: Bakken Hunter, LLC, 410 17<sup>th</sup> Street, Suite 1000, Denver, CO 80202**

**410 17TH ST. • SUITE 1000 • DENVER, CO 80202 • OFFICE (720) 443-6573 • FAX (720) 285-1939**

**A SUBSIDIARY OF MAGNUM HUNTER RESOURCES CORPORATION • A NYSE COMPANY: "MHR"**

**[www.MagnumHunterResources.com](http://www.MagnumHunterResources.com)**

EXHIBIT

T

PS Form 3811

USER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Lorna K. Skavlem  
1549 10<sup>th</sup> Avenue East  
West Fargo, ND 58078

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

Lorna Skavlem

C. Date of Delivery

11-22-13

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes☐ No

3. Service Type

☒ Certified Mail®☐ Priority Mail Express™☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7012 3460 0002 5566 4739

PS Form 3811, July 2013

Domestic Return Receipt

u

Return to:  
Bakken Hunter, LLC  
410 17<sup>th</sup> Street, #1000  
Denver, CO 80202

PRODUCERS 88-PAID UP  
Rev. 5-60 No. 2  
NE 94 OG  
Rev. 9-09 IOG  
Rev. 1-10 IOG

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of October, 2013, by and between Lorna L. Skavlem, individually, whose address is 1549 10<sup>th</sup> Avenue East, West Fargo, North Dakota 58078, hereinafter called Lessor (whether one or more) and Bakken Hunter, LLC, whose address is 410 17<sup>th</sup> Street, Suite 1000, Denver, Colorado 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 the covenants and agreements hereinafter contained, has granted demised, leased and let, and by these presents does grant, demise, lease and let exclusive right for the purpose of mining, drilling, exploring by geophysical and other methods, and operating for and producing there from oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipelines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Divide, State of North Dakota, described as follows, to-wit:

Township 164 North, Range 99 West, 5<sup>th</sup> P.M.  
Section 34: NE4

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands 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 incident, appurtenant, 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. In the event that the Lessor shall acquire lands in addition to those described above for the above stated reasons, Lessee shall pay to Lessor the same bonus and royalty for said lands as was paid for the lands described above.

For purposes of payment of rentals and royalties, Lessor and Lessee agree that the lease shall be treated as covering 160.00 acres, whatever more or less.

1. It is agreed that this lease shall remain in force for a term of Three (3) Years 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 one hundred eighty (180) days shall elapse between the completion or abandonment 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 if Lessee commences additional drilling or re-working operations within one hundred eighty (180) days from date of cessation of production or from date of completion of dry hole. If oil or gas 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. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land 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<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal three-sixteenths (3/16ths) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor three-sixteenths (3/16ths) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of three-sixteenths (3/16ths), payable monthly at the prevailing market rate for gas.

3<sup>rd</sup>. 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 three-sixteenths (3/16ths) 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 mineral 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.

6. 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.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee 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.

11. 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 Lessee'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 or 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 under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on 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 this lease shall be deemed modified to conform to 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 said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty payments to be made hereunder to Lessor, be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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 directly and proximately 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 hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result 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, and this lease shall not



terminate by reason of any such delay, interruption or stoppage, and period of such delay, interruption or stoppage shall be added to the term 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 that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor the minerals, royalty or a lease covering any or all of the rights and substances covered by this lease and covering all or a portion of the land described herein, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. Furthermore, Lessee may extend this Oil and Gas Lease for an additional period of three (3) years if, prior to the expiration of the primary term of this Oil and Gas Lease, Lessee tenders payment (either by check, wire or draft) to Lessor an amount equal to One Thousand Dollars (\$1,000.00) per net acre.

18. Other than automatic expiration of the Lease because Lessee has not found oil or gas in paying quantities or has not commenced drilling activities on the Premises within the primary term or any extended primary term, it is agreed that this Lease shall never be forfeited, terminated or cancelled until it has first been judicially determined that the Lease has been materially breached by Lessee and following such judicial determination, Lessee is given a reasonable time to cure any breach and fails to effect such cure within such reasonable period of time.

19. In the event Lessor considers that Lessee has not complied with all of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this lease. Lessee shall then have sixty (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 on said lease for any cause, 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 hereunder. 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 until a judicial determination is made that such failure exists and Lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

20. This lease shall terminate at the end of the primary term as to all of the leased land except those tracts within a production or spacing unit prescribed by law or administrative authority on which is located a well producing or capable of producing oil and/or gas on which Lessee is engaged in drilling or reworking operations. This lease shall not terminate so long as drilling or reworking operations are being continuously prosecuted if not more than 180 days shall lapse between the completion or abandonment of one well and the beginning of operations for the drilling of another well.

21. The right to shut-in a well capable of producing gas provided in this lease shall be limited to three (3) years beyond the primary term.

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

\_\_\_\_\_  
Lorna L. Skavlem

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

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 2013, personally appeared Lorna L. Skavlem, 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 she duly executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires \_\_\_\_\_  
(Spell out month)

\_\_\_\_\_  
Notary Public  
Print Notary's Name: \_\_\_\_\_  
Residing at \_\_\_\_\_

v

## AUTHORITY FOR EXPENDITURE

**AFE #:** **33695**

COST CENTER #: 96910

OP/NON-OP                      Op

**DATE:** **July 15, 2013**

<input type="checkbox"/>	Leasehold Acquisition	<input checked="" type="checkbox"/>	Initial Completion	<input type="checkbox"/>	Pipeline
<input type="checkbox"/>	Geology/Geophysics	<input type="checkbox"/>	Abandonment	<input type="checkbox"/>	Facilities
<input type="checkbox"/>		<input type="checkbox"/>	Recompletion / WO		
<input checked="" type="checkbox"/>	Drilling	<input checked="" type="checkbox"/>	Equipping	<input type="checkbox"/>	Engineering Studies

Funds are requested to drill, complete, and equip a 2080 acre DSU horizontal well (north 800) in the Mid-Bakken formation. The horizontal section will have a cemented liner w/20 ported sleeves thru which 20 crosslinked water fracs will be performed, each containing 80,000 pounds of 20/40 sand.. The well will be equipped initially as a single well battery with a flare stack, pumping unit, tanks and treater. It is anticipated the gas will be connected to the ONEOK gas gathering sytem, and water into the Samson Water handling system.

**AFE TOTAL \$4,197,500**

<b>PARTICIPANTS</b>	<b>INTEREST %</b>	<b>SHARE</b>
Bakken Hunter LLC	85.230226%	\$3,577,539
Loma L Skavlem	0.009637%	\$405
Others	14.760137%	\$619,557
TOTALS:	100.000000%	\$4,197,500

## Bakken Hunter, LLC - APPROVALS

DEPT.		DATE
Operations		
Engineering		
Land	James R. Peay - VP Land	11/1/2013
Geology		
Finance		
President		

**Signed**

Name

Date \_\_\_\_\_





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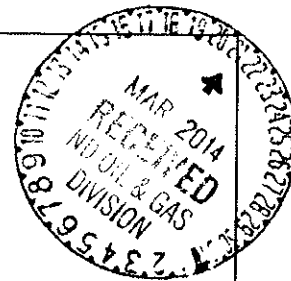
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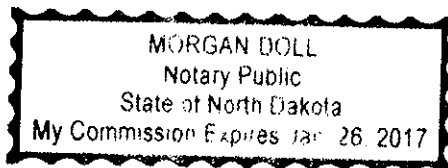
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Bismarck Tribune on the following dates:  
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# **NOTICE OF HEARING N.D. INDUSTRIAL COMMISSION OIL AND GAS DIVISION**

The North Dakota Industrial Commission will hold a public hearing at 9:00 a.m. Thursday, March 27, 2014, at the N.D. Oil & Gas Division, 1000 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 14, 2014.

## **STATE OF NORTH DAKOTA TO:**

Case No. 21986: Proper spacing for the development of the Wolf Bay-Bakken Pool, Dunn County, ND, redefine the field limits, and enact such special field rules as may be necessary. Hunt Oil Co.; Marathon Oil Co.; WPX Energy Williston, LLC

Case No. 21987: Application of Hunt Oil Co. for an order amending the field rules for the Blue Ridge-Bakken Pool to create and establish two 1280-acre spacing units comprised of Sections 17 and 18; and Sections 19 and 20, T.159N., R.100W., Williams County, ND, authorizing the drilling of one horizontal well on each 1280-acre spacing unit and such other relief as is appropriate.

Case No. 21988: Application of Hunt Oil Co. for an order amending the field rules for the Bear Butte-Bakken Pool, McKenzie County, 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.

Case No. 21989: Application of Hunt Oil Co. for an order amending the field rules for the Green Lake-Bakken Pool, Williams County, 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.

Case No. 21990: Application of Hunt Oil Co. for an order amending the field rules for the Musta-Bakken Pool, Divide County, 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.

Case No. 21991: Application of Hunt Oil Co. for an order amending the field rules for the Red Wing Creek-Bakken Pool, McKenzie County, 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.

Case No. 21992: Application of Hunt Oil Co. for an order amending the field rules for the Sioux Trail-Bakken Pool, Divide County, 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.

Case No. 21993: Application of Hunt Oil Co. for an order amending the field rules for the Smoky Butte-Bakken Pool, Divide County, 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.

Case No. 21994: Application of Hunt Oil Co. for an order amending the field rules for the Zahl-Bakken Pool, Williams County, 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.

Case No. 21995: Proper spacing for the development of the East Fork-Bakken Pool, Williams County, ND, redefine the field limits, and enact such special field rules as may be necessary. Continental Resources, Inc.; Hess Bakken Investments II LLC; Kodiak Oil & Gas (USA) Inc.; Petro-Hunt, LLC; Statoil Oil & Gas LP; Zavanna, LLC

Case No. 21996: Proper spacing for the development of the Briar Creek-Bakken Pool, McKenzie and Williams Counties, ND, redefine the field limits, and enact such special field rules as may be necessary. Statoil Oil & Gas, LP

Case No. 21997: Proper spacing for the development of the Oliver-Bakken Pool, Williams County, ND, redefine the field limits, and enact such special field rules as may be necessary. Continental Resources, Inc.; Hess Bakken Investments II, LLC

Case No. 21998: Application of Continental Resources, Inc. for an order extending the field boundaries and amending the field rules for the Stoneview, North Tioga, Lindahl, Battleview, and/or Tioga-Bakken Pools to create and establish five overlapping 2560-acre spacing units comprised of Sections 25, 26, 35 and 36, T.160N., R.95W.; Sections 1, 2, 11 and 12, T.159N., R.95W.; Sections 1 and 12, T.159N., R.95W. and Sections 6 and 7, T.159N., R.94W.; Sections 13 and 24, T.159N., R.95W. and Sections 18 and 19, T.159N., R.94W.; Sections 25 and 36, T.159N., R.95W. and Sections 30 and 31, T.159N., R.94W.; and three overlapping 5120-acre spacing units comprised of Sections 26, 27, 34 and 35, T.160N., R.95W. and Sections 2, 3, 10 and 11, T.159N., R.95W.; Sections 14, 15, 22, 23, 26, 27, 34 and 35; and Sections 13, 14, 23, 24, 25, 26, 35 and 36, T.159N., R.95W. Divide, Williams and Burke Counties, ND, authorizing the drilling of multiple wells on or near the section line between the existing spacing units, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 21999: Application of Continental Resources, Inc. for an order eliminating any tool error setback requirements and well locations, and also reducing the minimum setbacks of future wells within and between the following existing 2560-acre spacing units: Sections 15, 16, 21 and 22; Sections 17, 18, 19 and 20; and Sections 28, 29, 32 and 33, T.153N., R.93W., Elm Tree and Sanish-Bakken Pools, McKenzie and Mountrail Counties, ND, and such other relief as is appropriate.

Case No. 22000: Application of Continental Resources, Inc. for an order extending the field boundaries and amending the field rules for the Carlson and/or Elm Tree-Bakken Pools to create and establish an overlapping 2560-acre spacing unit comprised of Sections 5, 6, 7 and 8, T.153N., R.94W., McKenzie County, ND, authorizing the drilling of a total not to exceed two wells on or near the section line between the existing 640-acre spacing units and 1280-acre spacing unit of said proposed overlapping 2560-acre spacing unit, eliminating any tool error requirements, and such other relief as is appropriate.

Case No. 21757: (Continued) Application of Continental Resources, Inc. for an order extending the field boundaries and amending the field rules for the Carlson and/or Elm Tree-Bakken Pools to create and establish an overlapping 2560-acre spacing unit comprised of Sections 5, 6, 7 and 8, T.153N., R.94W., McKenzie County, ND, authorizing the drilling of a horizontal well on or near the section line between the existing 640-acre spacing units and 1280-acre spacing unit of said proposed overlapping 2560-acre spacing unit, and such other relief as is appropriate.

Case No. 21755: (Continued) Application of Continental Resources, Inc. for an order to establish appropriate spacing for the Vibe #1-26H1 well, (Well File No. 25799), located in the SWSE of Section 23, T.161N., R.94W., Leaf Mountain-Bakken Pool, Burke County, ND, and such other relief as is appropriate.

Case No. 21756: (Continued) Application of Continental Resources, Inc. for an order to establish appropriate spacing for the Whitman #3-34H well, (Well File No. 20212), located in the NWNE of Section 24, T.147N., R.96W., Oakdale-Bakken Pool, Dunn County, ND, and such other relief as is appropriate.

Case No. 21478: (Continued) Application of Continental Resources, Inc. for an order amending the field rules for the Todd-Bakken Pool, McKenzie and Williams 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.

Case No. 21474: (Continued) Application of Continental Resources, Inc. for an order suspending and, after hearing, revoking the permit issued to Samson Oil and Gas USA, Inc. to drill the Rainbow #5-20-17HBK well (File No. 26919), with a surface location in NENW of Section 29, T.158N., R.98W.,

Williams County, ND, and such other relief as is appropriate.

Case No. 20926: (Continued) Application of Continental Resources, Inc. for an order suspending and, after hearing, revoking the permit issued to Hess Corp. to drill the SC-5WX- #152-99-0310H-1 well (File No. 26174), with a surface location in Lot 2 of Section 3, T.152N., R.99W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 20927: (Continued) Application of Continental Resources, Inc. for an order suspending and, after hearing, revoking the permit issued to Hess Corp. to drill the SC-4WX- #153-98-3130H-3 well (File No. 26173), with a surface location in Lot 2 of Section 3, T.152N., R.99W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 20928: (Continued) Application of Continental Resources, Inc. for an order suspending and, after hearing, revoking the permit issued to Hess Corp. to drill the SC-4WX- #153-98-3130H-2 well (File No. 26172), with a surface location in Lot 2 of Section 3, T.152N., R.99W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 20929: (Continued) Application of Continental Resources, Inc. for an order suspending and, after hearing, revoking the permit issued to Hess Corp. to drill the SC-4WX- #153-98-3130H-1 well (File No. 26171), with a surface location in Lot 2 of Section 3, T.152N., R.99W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 15224: (Continued) Application of Continental Resources, Inc. for an order suspending and, after hearing, revoking the permit issued to Hess Corp. to drill the 2WX #7-1H well (File No. 20123), with a surface location in the SESE of Section 7, T.152N., R.99W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 22001: Application of Corinthian Exploration (USA) Corp. for an order amending the field rules for the Russell-Spearfish/Madison Pool to create and establish a 320-acre spacing unit or drilling unit comprised of the SW/4 of Section 4 and the SE/4 of Section 5, T.160N., R.79W., Bottineau County, ND, authorizing the drilling of a horizontal well on said 320-acre spacing unit or drilling unit and such other relief as is appropriate.

Case No. 22002: Application of Corinthian Exploration (USA) Corp. for an order extending the field boundaries and amending the field rules for the Leonard and Roth-Spearfish/Madison Pools, and/or Cimbel-Madison Pool to create and establish three 320-acre spacing and/or drilling units comprised of the NE/4 of Section 24, T.163N., R.79W. and the NW/4 of Section 19, T.163N., R.78W.; the SE/4 of Section 24, T.163N., R.79W. and the SW/4 of Section 19, T.163N., R.78W.; and the SE/4 of Section 19 and the SW/4 of Section 20, T.163N., R.78W.; Bottineau County, ND, authorizing the drilling of one horizontal well on each spacing and/or drilling unit and such other relief as is appropriate.

Case No. 22003: Application of Corinthian Exploration (USA) Corp. for an order authorizing the drilling, completing and producing of a well with a bottom hole

location approximately 1387 from the south line and 1792 feet from the west line of Section 28, T.164N., R.77W., North Souris-Madison Pool, Bottineau County, ND, as an exception to the well location rules for the North Souris-Madison Pool and/or to the provisions of NDAC § 43-02-03-18 and such other relief as is appropriate.

Case No. 22004: Application of Enduro Operating, LLC for an order authorizing the drilling, completing and producing of the Stoneview-Stonewall Unit #22-11H well with portions of the lateral to be located less than 660 feet to portions of the boundary of the unit located in Sections 2 and 11, T.160N., R.95W., as an exception to the well location and setback requirements for the Stoneview-Stonewall Unit, Divide County, ND, and such other relief as is appropriate.

Case No. 22005: Application of XTO Energy Inc. for an order amending the field rules for the Heart Butte-Bakken Pool to create and establish three 1280-acre spacing units comprised of all of Section 36, T.149N.,

R.92W. and the W/2 of Section 3 and the E/2 of Section 4, T.148N., R.92W.; the W/2 of Section 29, the E/2 Section 30, the E/2 Section 31, and the W/2 Section 32, T.149N., R.91W.; and all of Section 31, T.149N., R.91W., the W/2 of Section 2 and the E/2 of Section 3, T.148N., R.92W.; and create and establish eleven overlapping 2560-acre spacing units comprised of Sections 10, 11, 14 and 15; Sections 11, 12, 13 and 14; Sections 22, 23, 26 and 27; and Sections 23, 24, 25 and 26, T.149N., R.92W.; Sections 12 and 13, T.149N., R.92W. and Sections 7 and 18, T.149N., R.91W.; Sections 24 and 25, T.149N., R.92W. and Sections 19 and 20, T.149N., R.91W.; Sections 16, 17, 20 and 21; Sections 17, 18, 19 and 20; and Sections 28, 29, 32 and 33, T.149N., R.91W.; Sections 9, 10, 15 and 16; and Sections 10, 11, 14 and 15, T.148N., R.92W., Dunn County, ND, authorizing the drilling of a horizontal well on or near the section line between the existing 320, 640 and 1280-acre spacing units of each 1280-acre spacing unit and overlapping 2560-acre spacing unit, and such other relief as is appropriate.

Case No. 22006: Application of XTO Energy Inc. for an order amending the field rules for the Lindahl-Bakken Pool to create and establish an overlapping 2560-acre spacing unit comprised of Sections 2, 3, 10 and 11, T.158N., R.95W., Williams County, ND, authorizing the drilling of a horizontal well on or near the section line between the two existing 1280-acre spacing units of said proposed overlapping 2560-acre spacing unit, and such other relief as is appropriate.

Case No. 22007: Application of XTO Energy, Inc. for an order amending the field rules for the Bear Creek-Bakken Pool to create and establish two 1280-acre spacing units comprised of Section 35, T.148N., R.96W. and Section 2, T.147N., R.96W.; and Sections 3 and 10, T.147N., R.96W., Dunn County, ND, authorizing the drilling of multiple horizontal wells on each 1280-acre spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22008: Application of XTO Energy, Inc. for an order amending the field rules for the Blue Buttes-Bakken Pool, McKenzie County, 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.

Case No. 22009: Application of XTO Energy Inc. for an order amending the field rules for the Bear Den-Bakken Pool, McKenzie County, 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.

Case No. 22010: Application of XTO Energy Inc. for an order amending the field rules for the Tobacco Garden-Bakken Pool, McKenzie County, 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.

Case No. 22011: Application of HRC Operating, LLC for an order authorizing the Grev #157-100- 30B-31-2H (File No. 26118) well which was inadvertently drilled with the 7" intermediate casing set approximately 161 feet from the north line and 1013 feet from the west line of Section 30, T.157N., R.100W., Williams County, ND, to be drilled, completed and produced as an exception to the provisions of NDAC § 43-02-03-18 and designating Sections 30 and 31, T.157N., R.100W., as the appropriate spacing unit for said well and such other relief as is appropriate.

Case No. 22012: Application of Flatirons Resources LLC for an order extending the field boundaries and amending the field rules for the Lake Darling-Madison Pool to create and establish a 480-acre spacing unit comprised of the S/2 of Section 35 and the SW/4 of Section 36, T.159N., R.86W., Renville County, ND, authorizing the drilling of one horizontal well on said spacing unit and such other relief as is appropriate.

Case No. 22013: Application of WPX Energy Williston, LLC for an order amending the field rules for the Spotted Horn-Bakken Pool to create and establish an overlapping 3840-acre spacing unit comprised of Sections 13, 14, 15, 22, 23 and 24, T.150N., R.94W., McKenzie County, ND, authorizing but not requiring the drilling, completing and producing of a total not to



exceed forty-two wells on said overlapping 3840-acre spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22014: Application of WPX Energy Williston, LLC for an order amending the field rules for the Mandaree-Bakken Pool to create and establish an overlapping 2560-acre spacing unit comprised of Sections 13 and 24, T.149N., R.94W. and Sections 18 and 19, T.149N., R.93W., McKenzie and Dunn Counties, ND, authorizing but not requiring the drilling, completing and producing of a total not to exceed twenty-eight wells on said overlapping 2560-acre spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22015: Application of WPX Energy Williston, LLC for an order authorizing but not requiring the drilling, completing and producing of a total not to exceed twenty-eight wells on an existing overlapping 2560-acre spacing unit described as Sections 26, 27, 34 and 35, T.149N., R.94W., Squaw Creek-Bakken Pool, McKenzie County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 20658: (Continued) Application of Peregrine Petroleum Partners, Ltd. for an order amending the field rules for the Buckhorn-Bakken Pool to create and establish a 1280-acre spacing unit comprised of Sections 27 and 28, T.144N., R.102W., Billings County, ND, authorizing the drilling of a total not to exceed three horizontal wells on said 1280-acre spacing unit, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 21765: (Continued) Application of Encore Energy Partners Operating, LLC for an order authorizing the recompletion of the Anheluk #24-1H well into the

Tree Top-Madison Pool at a location approximately 250 feet from the south line and 2540 feet from the west line of Section 1, T.142N., R.100W., Billings County, ND, as an exception to the field rules for the Tree Top-Madison Pool and such other relief as is appropriate.

Case No. 21625: (Continued) Proper spacing for the development of the Gooseneck-Bakken Pool, Divide County, ND, redefine the field limits, and enact such special field rules as may be necessary. Crescent Point Energy U.S. Corp.

Case No. 21287: (Continued) Application of Mountain Divide, LLC for an order suspending and, after hearing, revoking the permit issued to American Eagle Energy Corp. to drill the BJN #2-30- 163-101 well (File No. 26306), with a surface location in the NWNE of Section 30, T.163N., R.101W., Divide County, ND, and such other relief as is appropriate.

Case No. 22016: Application of White Owl Energy Services, Inc. for an order pursuant to NDAC § 43-02-03-51 authorizing the construction and operation of a treating plant in the NENE of Section 23, T.150N., R.96W., McKenzie County, ND, and for such other relief as is appropriate.

Case No. 22017: Application of White Owl Energy Services, Inc. for an order pursuant to NDAC § 43-02-03-51 authorizing the construction and operation of a treating plant in the SWSE of Section 20, T.145N., R.97W., Dunn County, ND, and for such other relief as is appropriate.

Case No. 22018: In the matter of the application of Emerald Oil, Inc. for an order designating Emerald Oil, Inc. as operator of the Gilbert T Ridl #26-35H well (File No. 27569) and Rosalie J Ridl #26-35H (File No. 27570), with surface locations in the NENW of Section 26, T.140N., R.98W., for the spacing unit consisting of Sections 26 and 35, T.140N., R.98W., Stark County, ND and such other relief as is appropriate.

Case No. 20197: (Continued) In the matter of the application of Zavanna, LLC objection to Emerald Oil, Inc.'s imposition of the risk penalty upon proceeds from the Pirate 5-2-11H, Pirate 6-2-11H, Pirate 2-2-11H, Pirate 3-2-11H and Pirate 4-2-11H wells, each of said wells located in Section 2, T.149N., R.102W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 21798: (Continued) In the matter of the application of Spring Creek Exploration & Production objection to Emerald Oil, Inc.'s imposition of the risk penalty upon proceeds from the Excalibur 4-25-36H and Excalibur 3-25-36H wells located in Section 25, T.149N., R.102W., Caper 5-22-15H, Caper 6-22-15H wells located in Section 22, T.149N., R.102W., Caper 4-15- 22H, Caper 2-15-22H and Caper 3-15-22H wells located in Section 10, T.149N., R.102W., Pirate 5-2-11H, Pirate 6-2-11H, Pirate 2-2-11H, Pirate 3-2-11H, and Pirate 4-2-11H wells located in Section 2, T.149N., R.102W., McKenzie County, ND, and such other relief as is appropriate.

Case No. 21609: (Continued) Application of Earthworks, Inc., in accordance with NDAC § 43-02- 03-51, for an order authorizing the construction of an oil treating and oilfield waste treating/processing facility to be located in the NESE Section 1, T.146N., R.96W., Dunn County, ND, for the purpose of salvaging, treating and recycling upstream petroleum wastes.

Case No. 21799: (Continued) Application of WPX Energy Williston, LLC requesting an order suspending and, after hearing, revoking the permits issued to Enerplus Resources USA Corp. to drill the Earth Lodge 148-93-22A-21H TF well (File No. 21789), Tipi 148-93-22A-21H well (File No. 21790), Round House 148-93-22D-21H well (File No. 21914), Log House 148-93-22D-21H TF well (File No. 21915), on a spacing unit consisting of Sections 21 and 22, T.148N., R.93W., Dunn County, ND, and such other relief as the Commission may deem appropriate.

Case No. 21800: (Continued) Application of WPX Energy Williston, LLC for an order amending the field rules for the Spotted Horn-Bakken Pool to establish one new overlapping 1280-acre spacing unit consisting of Sections 25 and 36, T.150N., R.94W., McKenzie County, ND, authorizing, but not requiring, the drilling, completing, and producing of a total not to exceed fourteen wells within the spacing unit, eliminating any tool error requirements, and such other relief as is appropriate.

Case No. 22019: Application of Mountain Divide, LLC for an order authorizing the drilling, completing and producing of a total of eight wells on each existing 1280-acre spacing unit in the Fortuna-Bakken Pool not currently spaced at eight wells per spacing unit, described as Sections 26 and 35, T.163N., R.101W.; Sections 1 and 12; Sections 2 and 11; Sections 3 and 10; Sections 5 and 8; Sections 6 and 7; Sections 13 and 24; Sections 14 and 23; Sections 25 and 36; and Sections 26 and 35, T.162N., R.101W., Divide County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22020: Application of Emerald Oil, 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.149N., R.102W., Moline-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22021: Application of Emerald Oil, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 2 and 11, T.148N., R.103W., Sheep Butte-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22022: Application of Emerald Oil, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 4 and 9, T.148N., R.102W., Boxcar Butte-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22023: Application of Emerald Oil, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 5 and 8, T.148N., R.102W., Boxcar Butte-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 and such other relief as

Case No. 20224: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 4, 5, 8, 9, 16, 17, 20 and 21, T.153N., R.94W., Elm Tree-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22025: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 13, 14, 23, 24, 25, 26, 35 and 36, T.153N., R.94W., Elm Tree-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22026: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 13, 24, 25 and 36, T.153N., R.94W. and Sections 18, 19, 30 and 31, T.153N., R.93W., Elm Tree-Bakken Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22027: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 5, 6, 7 and 8; T.153N., R.94W., Carlson and/or Elm Tree-Bakken Pools, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22028: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 26, 27, 34 and 35, T.153N., R.94W., Elm Tree-Bakken Pool and/or Antelope-Sanish Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22029: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 1, 2, 11 and 12, T.152N., R.94W., Antelope-Sanish Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22030: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 2, 3, 10 and 11, T.152N., R.94W., Antelope-Sanish Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22031: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 3, 4, 9 and 10, T.152N., R.94W., Antelope-Sanish Pool, McKenzie County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22032: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43- 02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 1 and 12, T.159N., R.95W. and Sections 6 and 7, T.159N., R.94W., North Tioga-Bakken Pool, Williams and Burke Counties, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22033: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43- 02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 13, 14, 23, 24, 25, 26, 35 and 36, T.159N., R.95W., North Tioga, Lindahl, and/or Battlevew-Bakken Pools, Williams County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22034: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43- 02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 13, 14, 23, 24, 25, 26, 35 and 36, T.159N., R.95W., North Tioga, Lindahl, and/or Battlevew-Bakken Pools, Williams County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22035: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43- 02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 25 and 36, T.159N., R.95W. and Sections 30 and 31, T.159N., R.94W., North Tioga, Tioga, and/or Battlevew-Bakken Pools, Williams and Burke Counties, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22036: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43- 02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 14, 15, 22, 23, 26, 27, 34 and 35, T.159N., R.95W., Lindahl-Bakken Pool, Williams County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22037: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43- 02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 25, 26, 35 and 36, T.160N., R.95W., North Tioga and/or Stoneview-Bakken Pool, Divide County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22038: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 1, 2, 11 and 12, T.159N., R.95W., North Tioga and/or Stoneview-Bakken Pool, Williams County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22039: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 26, 27, 34 and 35, T.160N., R.95W. and Sections 2, 3, 10 and 11, T.159N., R.95W., Stoneview-Bakken Pool, Williams and Divide Counties, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22040: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 15, 16, 21, 22, 27, 28, 33 and 34, T.154N., R.94W., Alkali Creek-Bakken Pool, Mountrail and McKenzie Counties, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22041: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43 02-03-88.1 authorizing the flaring of gas from the Southard #1 4H well located in NWNE of Section 4, T.158N., R.97W., Williams County, ND, New Home-Bakken Pool, pursuant to the provisions of NDCC § 38 08-06.4 and such other relief as is appropriate.

Case No. 22042: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43 02-03-88.1 authorizing the flaring of gas from the Lindsay #1-35H well located in SWSE of Section 35, T.158N., R.97W., Williams County, ND, New Home-Bakken Pool, pursuant to the provisions of NDCC § 38 08-06.4 and such other relief as is appropriate.



Case No. 20814: (Continued) Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Section 31, T.147N., R.96W. and Sections 6, 7 and 18, T.146N., R.96W., Rattlesnake Point-Bakken Pool, Dunn County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 20815: (Continued) Application of Continental Resources, Inc. for an order authorizing the drilling, completing and producing of a total not to exceed fourteen

wells on an existing overlapping 2560-acre spacing unit described as Section 31, T.147N., R.96W., and Sections 6, 7 and 18, T.146N., R.96W., Rattlesnake Point-Bakken Pool, Dunn County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 20816: (Continued) Application of Continental Resources, Inc. for an order authorizing the drilling, completing and producing of a total not to exceed seven wells on an existing 1280-acre spacing unit described as Sections 19 and 30, T.146N., R.96W., Jim Creek-Bakken Pool, Dunn County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 21375: (Continued) Application of Continental Resources, Inc. for an order amending the field rules for the Little Knife-Bakken Pool, Billings, Dunn and McKenzie Counties, ND, authorizing a total not to exceed fourteen wells on each existing 1280-acre spacing unit within Zones IV, V, VI, VII, VIII, IX, X, and XI; and a total not to exceed twenty-eight wells on each existing 2560-acre spacing unit within Zone XII, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22043: Application of XTO Energy Inc. 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.155N., R.97W., West Capa-Bakken Pool, Williams County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22044: In the matter of the petition for a risk penalty of XTO Energy Inc. 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 Rose Federal #34X-34C well located in a spacing unit described as Sections 27 and 34, T.155N., R.97W., West Capa-Bakken Pool, Williams County, ND, pursuant to NDAC § 43-02-03-88.1, and such other relief as is appropriate.

Case No. 22045: Application of Hunt Oil 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.161N., R.100W., Alexandria-Bakken Pool, Divide County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22046: Application of Hunt Oil 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.159N., R.101W., Zahl-Bakken Pool, Williams County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22047: Application of Hunt Oil Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 25 and 36, T.159N., R.101W., Zahl-Bakken Pool, Williams County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22048: Application of Hunt Oil Co. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests in a spacing unit described as Sections 28 and 33, T.159N., R.101W., Zahl-Bakken Pool, Williams County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22049: Application of Thunderbird Resources LP for an order pursuant to NDAC § 43-02-03-88.1 authorizing the flaring of gas from the Wock #21 2 IH well located in Lot 3 of Section 2, T.140N., R.98W., Stark County, ND, New Hradec-Bakken Pool, pursuant to the provisions of NDCC § 38-08-06.4 and such other relief

Case No. 22050: Application of Thunderbird Resources LP for an order pursuant to NDAC § 43-02-03-88.1 authorizing the flaring of gas from the Frank #31 4 IH well located in Lot 2 of Section 4, T.140N., R.98W., Stark County, ND, New Hradec-Bakken Pool, pursuant to the provisions of NDCC § 38-08-06.4 and such other relief as is appropriate.

Case No. 22051: Application of Enduro Operating, LLC for an order authorizing the conversion of the North Branch #2-32F well, located in the SWNE of Section 2, T.147N., R.102W., North Branch-Devonian Unit, McKenzie County, ND, for the injection of fluids in the unitized formation pursuant to NDAC Chapter 43-02-05, and such other relief as is appropriate.

Case No. 22052: Application of Environmentally Clean Systems, LLC pursuant to NDAC § 43-02-03-88.1 for an order authorizing the drilling of a saltwater disposal well to be located in the NWNW of Section 15, T.147N., R.95W., Corral Creek Field, Dunn County, ND, in the Dakota Group pursuant to NDAC Chapter 43-02-05, and such other relief as is appropriate.

Case No. 21300: (Continued) Application of EOG Resources, Inc. for an order authorizing the drilling, completing and producing of a total not to exceed thirty-six wells on an existing 2560-acre spacing unit described as Sections 2, 11, 14 and 23, T.158N., R.91W., Kittleson Slough-Bakken Pool, Mountrail County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 21783: (Continued) Application of Fidelity Exploration & Production Co. for an order pursuant to NDAC § 43-02-03-88.1 authorizing the flaring of gas from the Enander #41-32H-29 well located in the NENE of Section 32, T.155N., R.91W., Mountrail County, ND, Stanley-Bakken Pool, pursuant to the provisions of NDCC § 38-08-06.4 and such other relief as is appropriate.

Case No. 22053: In the matter of the petition for a risk penalty of Bakken Hunter, LLC requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer #3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, T.164N., R.99W. and Sections 3 and 10, T.163N., 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. 22054: Application of Horizon Oilfield Services, L.L.C. for an order pursuant to NDAC § 43-02-03-88.1 authorizing saltwater disposal into the Dakota Group in the Horizon SWD #4 well, NWNW Section 23, T.148N., R.99W., Bully Field, McKenzie County, ND, pursuant to NDAC Chapter 43-02-05 and such other relief as is appropriate.

Case No. 22055: Application of Horizon Oilfield Services, L.L.C. for an order pursuant to NDAC § 43-02-03-88.1 authorizing saltwater disposal into the Dakota Group in the Horizon SWD #5 well, SENE Section 21, T.152N., R.98W., Banks Field, McKenzie County, ND, pursuant to NDAC Chapter 43-02-05 and such other relief as is appropriate.

Case No. 22056: Application of Horizon Oilfield Services, L.L.C. for an order pursuant to NDAC § 43-02-03-88.1 authorizing saltwater disposal into the Dakota Group in the Horizon SWD #6 well, NENW Section 25, T.159N., R.94W., East Tioga Field, Burke County, ND, pursuant to NDAC Chapter 43-02-05 and such other relief as is appropriate.

Signed by,

Jack Dalrymple, Governor  
Chairman, ND Industrial Commission

3/6 - 20709572

# Affidavit of Publication

State of North Dakota, County of Divide, ss:

I, Cecile L. Krimm, 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 N.D. INDUSTRIAL COMMISSION OIL AND GAS DIVISION

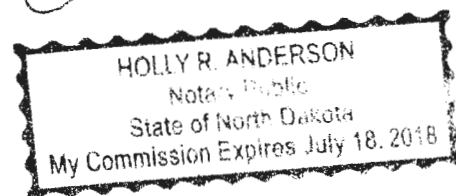
a printed copy of which is here attached, was published in The Journal on the following date:

March 5, 2014..... 181 lines @ 0.63 = 114.03  
TOTAL CHARGE.....\$114.03

Signed Cecile L. Krimm  
Cecile L. Krimm, Publisher

Subscribed and sworn to before me March 6, 2014

Holly R. Anderson  
Notary Public, State of North Dakota





## 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 27, 2014, at the N.D. Oil & Gas Division, 1000 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 14, 2014.

### STATE OF NORTH DAKOTA TO:

Case No. 21990: Application of Hunt Oil Co. for an order amending the field rules for the Musta-Bakken Pool, Divide County, 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.

Case No. 21992: Application of Hunt Oil Co. for an order amending the field rules for the Sioux Trail-Bakken Pool, Divide County, 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.

Case No. 21993: Application of Hunt Oil Co. for an order amending the field rules for the Smoky Butte-Bakken Pool, Divide County, 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.

Case No. 21998: Application of Continental Resources, Inc. for an order extending the field boundaries and amending the field rules for the Stoneview, North Tioga, Lindahl, Battleview, and/or Tioga-Bakken Pools to create and establish five overlapping 2560-acre spacing units comprised of Sections 25, 26, 35 and 36, T.160N., R.95W.; Sections 1, 2, 11 and 12, T.159N., R.95W.; Sections 1 and 12, T.159N., R.95W. and Sections 6 and 7, T.159N., R.94W.; Sections 13 and 24, T.159N., R.95W. and Sections 18 and 19, T.159N., R.94W.; Sections 25 and 36, T.159N., R.95W.

and Sections 30 and 31, T.159N., R.94W.; and three overlapping 5120-acre spacing units comprised of Sections 26, 27, 34 and 35, T.160N., R.95W. and Sections 2, 3, 10 and 11, T.159N., R.95W.; Sections 14, 15, 22, 23, 26, 27, 34 and 35; and Sections 13, 14, 23, 24, 25, 26, 35 and 36, T.159N., R.95W., Divide, Williams and Burke Counties, ND, authorizing the drilling of multiple wells on or near the section line between the existing spacing units, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22004: Application of Enduro Operating, LLC for an order authorizing the drilling, completing and producing of the Stoneview-Stonewall Unit #22-11H well with portions of the lateral to be located less than 660 feet to portions of the boundary of the unit located in Sections 2 and 11, T.160N., R.95W., as an exception to the well location and setback requirements for the Stoneview-Stonewall Unit, Divide County, ND, and such other relief as is appropriate.

Case No. 21625: (Continued) Proper spacing for the development of the Gooseneck-Bakken Pool, Divide County, ND, redefine the field limits, and enact such special field rules as may be necessary. Crescent Point Energy U.S. Corp.

Case No. 21287: (Continued) Application of Mountain Divide, LLC for an order suspending and, after hearing, revoking the permit issued to American Eagle Energy Corp. to drill the BJNJ #2-30-163-101 well (File No. 26306), with a surface location in the NWNE of Section 30, T.163N., R.101W., Divide County, ND, and such other relief as is appropriate.

Case No. 22019: Application of Mountain Divide, LLC for an order authorizing the drilling, completing and producing of a total of eight wells on each existing 1280-acre spacing unit in the Fortuna-Bakken Pool not currently spaced at eight wells per spacing unit, described as Sections 26 and 35, T.163N., R.101W.; Sections 1 and 12; Sections 2 and 11; Sections 3 and 10; Sections 5 and 8; Sections 6 and 7; Sections 13 and 24; Sections 14 and 23; Sections 25 and 36; and Sections

26 and 35, T.162N., R.101W., Divide County, ND, eliminating any tool error requirements and such other relief as is appropriate.

Case No. 22037: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 25, 26, 35 and 36, T.160N., R.95W., North Tioga and/or Stoneview-Bakken Pool, Divide County, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22039: Application of Continental Resources, Inc. for an order pursuant to NDAC § 43-02-03-88.1 pooling all interests for wells drilled on the overlapping spacing unit described as Sections 26, 27, 34 and 35, T.160N., R.95W. and Sections 2, 3, 10 and 11, T.159N., R.95W., Stoneview-Bakken Pool, Williams and Divide Counties, ND, as provided by NDCC § 38-08-08 but not reallocating production for wells producing on other spacing units and such other relief as is appropriate.

Case No. 22045: Application of Hunt Oil 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.161N., R.100W., Alexandria-Bakken Pool, Divide County, ND, as provided by NDCC § 38-08-08 and such other relief as is appropriate.

Case No. 22053: In the matter of the petition for a risk penalty of Bakken Hunter, LLC requesting an order authorizing the recovery of a risk penalty from certain non-participating owners as provided by NDCC § 38-08-08 in the drilling and completion of the Pacer #3427-2MBH well located in a spacing unit consisting of Sections 27 and 34, T.164N., R.99 West and Sections 3 and 10, T.163N., 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  
(3/5)