



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
www.state.sd.us/denr

May 1, 2013

Lawrence Bender
Fredrikson & Byron, P.A.
200 North 3rd Street, Suite 150
Bismarck, ND 58501

Re: Oil and Gas Case No. 11-2013 - Approval of Continental Resources' Request to Drill
Stafford 44-1H and Haise 41-1H wells

Dear Mr. Bender:

On March 25, 2013, we received your request to drill two horizontal wells (Stafford 44-1H and the Haise 41-1H) within the Buffalo Field, Harding County, SD, in areas not previously spaced for horizontal drilling, which was submitted on behalf of Continental Resources, Inc., Oklahoma City, OK. Applications for permits to drill the Stafford 44-1H and the Haise 41-1H wells were received by the department on March 8, 2013 and April 17, 2013, respectively. The proposed wells are described as the Stafford 44-1H, with a surface location 750 feet from the south line and 220 feet from the east line, and a bottom hole location 850 feet from the south line and 680 feet from the west line; and the Haise 41-1H, with a surface location 850 feet from the north line and 350 feet from the east line, and a bottom hole location 950 from the north line and 680 feet from the west line; both wells being in Section 1, Township 21 North, Range 3 East, approximately 17 miles northwest of Buffalo, Harding County, SD.

The department published a Notice of Recommendation, Oil and Gas Case No. 11-2013, recommending conditional approval of the Stafford 44-1H and the Haise 41-1H permit applications. The date for intervention was April 26, 2013, and no parties petitioned the Board of Minerals and Environment for a hearing on the application by the deadline.

Therefore, in accordance with the Administrative Rules of South Dakota 74:12:02:02 and 74:12:09, conditional approval of the permit applications is hereby granted. Enclosed are the approved applications for permit to drill and permit conditions for the Stafford 44-1H and the Haise 41-1H wells.

Sincerely,

Robert Townsend, Administrator
Minerals and Mining Program

Enclosures



DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES
Minerals & Mining Program
2050 West Main, Suite #1, Rapid City, SD 57702-2493
Telephone: 605-773-4201, FAX: 605-394-5317

FORM 2
RECEIVED
MAR 08 2013

DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

State of South Dakota
Department of Environment
and Natural Resources

APPLICATION FOR PERMIT TO DRILL

Type of work:	Type of well:
<input checked="" type="checkbox"/> Drill New Well <input type="checkbox"/> Reenter Well <input type="checkbox"/> Drill Directional Well	<input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Injection
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Other: _____

Name and Address of Operator: Continental Resources, Inc., P.O. Box 268870, Oklahoma City, OK 73126 Telephone: 405-234-9000

Name and Address of Surface Owner: Bill & Shirley Clarkson, 12233 Rasmus Road, Buffalo, SD 57750

Name and Address of Drilling Contractor and Rig Number: Cyclone Drilling, Inc. #1, P.O. Box 908, Gillette, WY 82717-0908

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available): SESE Sec 1 T21N R3E, Harding Co., 750' FSL & 220' FEL; Lat: 45 48 27.695; Long: -103 41 14.945

If Directional, top of pay and bottom hole location from nearest lines of section:

Top of Pay: 761' FSL & 701' FEL Sec 1 T21N R3E; BHL: SWSW Sec 1 T21N R3E 850' FSL & 680' FWL

Acres in Spacing (Drilling) Unit: 320 Description of Spacing Unit: S/2 Sec 1 T21N R3E

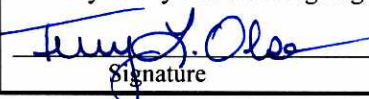
Well Name and Number:		Elevation:	Field and Pool, or Wildcat:		Proposed Depth and Formation:	
Stafford 44-1H		3050' FRGE	Buffalo		12,755' MD; Red River "B"	
Size of Hole:	Size of Casing:	Weight per Foot:	Depth:	Cementing Program (amount, type, yield, additives)		Depth:
1) 13 1/2	9 5/8	36	1500	678 sks Type III		
2) 8 3/4	7	23, 26, 29	8851	520 sks 60/40 Type III/Pozz, Class G		
3)						
4)						

Describe Proposed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). Use additional page(s) if appropriate.

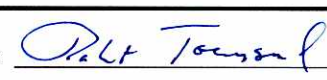
The Stafford 44-1H is a horizontal Red River "B" well located in Sec 1 T21N R3E, Harding Co., S. Dakota. The well will be drilled vertically, approximately to the top of the Silurian Interlake formation. From this point, an 8 3/4" hole at 12 deg/100 ft BUR to an azimuth of 271 degrees will be drilled, through which the 7" casing will be set approximately at the top of the Red River "B" porosity zone. The lateral will then be drilled to a BHL of 850' FSL & 680' FWL of Sec 1 T21N R3E. Estimated date to begin dirt work is 03/10/2013.

Pit Liner Specifications: A 12 mil plastic liner will be used to line the cuttings pit during drilling operations.

I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.

	Terry L. Olson	Reg. Compliance Spec.	3/6/2013
Signature	Name (Print)	Title	Date

FOR OFFICE USE ONLY

Approved By: 	Title: Administrator Minerals Mining Div.	
Permit No.: 2030	API No.: 40 06320744	Date Issued: 5/1/2013
Conditions, if any, on attached page.		



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PMB 2020
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PERMIT CONDITIONS

CRI: Stafford 44-1H
21N-3E-1 SESE, Harding County

Permit: #2030
API: 40 063 20744

Approval has been granted to drill this location as detailed on the attached Application for Permit to Drill (Form #2) with the following additional conditions:

1. This permit is conditioned on compliance with all applicable requirements of South Dakota Codified Laws 45-9 and Administrative Rules of South Dakota 74-12.
2. A 12-mil woven, reinforced high-density polyethylene liner must be used on all pits.
3. Surface runoff must be diverted around the drill site.
4. The surface hole must be drilled with fresh water.
5. Cement must be circulated to the ground surface on the surface casing.
6. If horizontally drilled:
 - A. The coordinates of the production casing shoe and the well terminus must be filed with the department.
 - B. The azimuth of the horizontal segment of the well must be filed with the department along with the results of periodic down hole surveys.
7. If production casing (long string) is set:
 - A. The cement program approved as submitted with the application shall be followed.
 - B. A cement bond log must be run and filed with the department within 60 days after completion of the well as required by Administrative Rules of South Dakota 74:12:02:12.
8. If abandoned, a plugging plan must be submitted to the department for review and approval. The plugging plan should address all requirements found in Administrative Rules of South Dakota 74:12:03:
 - A. If production casing is left in the wellbore, a mechanical integrity test must be conducted to verify the integrity of the casing as required by rule 74:12:03:02(4)(b)(ii).
 - B. The casing string must be cut off at least three feet below the final ground surface contour. A plate with the name of the operator, well name and number, and legal location by quarter-quarter section, township and range must be welded to the casing stub. The location of the abandoned well must be surveyed with high resolution global positioning system equipment or other appropriate survey methods sufficient to accurately locate the well. Survey coordinates must be included in the final abandonment report.
9. Surface reclamation of the site must be completed within one year of plugging and abandoning the well.
10. Interim reclamation must be completed within one year after site is completed in accordance with Administrative Rules of South Dakota 74:12:03:07.
11. A washed set of sample cuttings (or cores, if cut) must be shipped, free of charge, to:

Derric Iles
Geological Survey Program
Akeley-Lawrence Science Center
University of South Dakota
414 E. Clark Street
Vermillion, SD 57069-2390

12. Please notify this office prior to plugging or MIT so a witness can be on location. If plugging or MIT will occur after regular business hours, call Jeff Klenner at (605) 929-1414.



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DEPT OF ENVIRONMENT & NATURAL
RESOURCES - RAPID CITY

State of South Dakota
Department of Environment
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APPLICATION FOR PERMIT TO DRILL

Type of work:	Type of well:
<input checked="" type="checkbox"/> Drill New Well <input type="checkbox"/> Reenter Well <input type="checkbox"/> Drill Directional Well	<input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Injection
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Other: _____

Name and Address of Operator: Continental Resources, Inc., P.O. Box 268870, Oklahoma City, OK 73126
Telephone: 405-234-9000

Name and Address of Surface Owner: Clarkson & Company, Shirley & Bill Clarkson, 12233 Rasmus Rd., Buffalo, SD 57750

Name and Address of Drilling Contractor and Rig Number: Cyclone Drilling, Inc., #1, P.O. Box 908, Gillette, WY 82717-0908

Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):
NENE Sec 1 T21N R3E, Harding Co.; 850' FNL & 350' FEL; Lat: 45 49 04.18; Long: -103 41 14.97

If Directional, top of pay and bottom hole location from nearest lines of section:
Top of Pay: 861' FNL & 707' FEL NENE Sec 1 T21N R3E; BHL: NWNW Sec 1 T21N R3E 950' FNL & 680' FWL

Acres in Spacing (Drilling) Unit: 320
Description of Spacing Unit: N/2 Sec 1 T21N R3E

Well Name and Number:		Elevation:	Field and Pool, or Wildcat:		Proposed Depth and Formation:	
Haise Federal 41-1H		3129' FRGE	Buffalo		12,847' MD; Red River "B"	
Size of Hole:	Size of Casing:	Weight per Foot:	Depth:	Cementing Program (amount, type, yield, additives)		Depth:
1) 13 1/2"	9 5/8"	36#	1500'	678 sks; Type III		1500'
2) 8 3/4"	7"	23, 26, & 29#	8956'	530 sks; 60/40 Type III, Class G		8956'
3)						
4)						

Describe Proposed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). Use additional page(s) if appropriate.

The Haise Federal 41-1H is a horizontal Red River "B" well located in Sec 1 T21N R3E, Harding County, SD. The well will be drilled vertically to approximately 8206' TVD. From this point, an 8 3/4" hole at 12 deg/100 ft BUR to an azimuth of 269 degrees will be drilled through which the 7" casing will be set approximately at the top of the Red River "B" porosity zone. The lateral will then be drilled to a BHL of 950' FNL & 680' FWL of Sec 1 T21N R3E. Estimated date to begin dirt work is 4/30/2013.

Pit Liner Specifications: A 12 mil plastic liner will be used to line the cuttings pit during drilling operations.

I hereby certify that the foregoing as to any work or operation performed is a true and correct report of such work or operation.

Terry L. Olson Terry L. Olson Reg. Compliance Spec. 4/30/2013
Signature Name (Print) Title Date

FOR OFFICE USE ONLY

Approved By: Robert T. Jensen Title: Administrator Minerals & Mining Prog.
Permit No.: 2031 API No.: 40 063 20745 Date Issued: 5/1/2013
Conditions, if any, on attached page.



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PERMIT CONDITIONS

CRI: Haise Federal 41-1H
21N-3E-1 NENE, Harding County

Permit: #2031
API: 40 063 20745

Approval has been granted to drill this location as detailed on the attached Application for Permit to Drill (Form #2) with the following additional conditions:

1. This permit is conditioned on compliance with all applicable requirements of South Dakota Codified Laws 45-9 and Administrative Rules of South Dakota 74-12.
2. A 12-mil woven, reinforced high-density polyethylene liner must be used on all pits.
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6. If horizontally drilled:
 - A. The coordinates of the production casing shoe and the well terminus must be filed with the department.
 - B. The azimuth of the horizontal segment of the well must be filed with the department along with the results of periodic down hole surveys.
7. If production casing (long string) is set:
 - A. The cement program approved as submitted with the application shall be followed.
 - B. A cement bond log must be run and filed with the department within 60 days after completion of the well as required by Administrative Rules of South Dakota 74:12:02:12.
8. If abandoned, a plugging plan must be submitted to the department for review and approval. The plugging plan should address all requirements found in Administrative Rules of South Dakota 74:12:03:
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 - B. The casing string must be cut off at least three feet below the final ground surface contour. A plate with the name of the operator, well name and number, and legal location by quarter-quarter section, township and range must be welded to the casing stub. The location of the abandoned well must be surveyed with high resolution global positioning system equipment or other appropriate survey methods sufficient to accurately locate the well. Survey coordinates must be included in the final abandonment report.
9. Surface reclamation of the site must be completed within one year of plugging and abandoning the well.
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