

November 12, 2013

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**DEPT OF ENVIRONMENT & NATURAL  
RESOURCES - RAPID CITY**

**VIA EMAIL AND U.S. MAIL**

Ms. Jenny Hegg  
Department of Environment and  
Natural Resources  
2050 West Main, Suite #1  
Rapid City, SD 57701

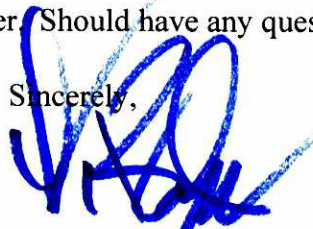
**RE: CASE NO. 56-2013: IN THE MATTER OF  
THE APPLICATION OF ZENERGY OPERATING  
COMPANY, LLC FOR AN ORDER OF THE  
BOARD AMENDING ANY APPLICABLE  
ORDERS FOR THE BORDER FIELD TO POOL  
ALL INTERESTS IN A 1700-ACRE SPACING  
UNIT DESCRIBED AS ALL OF SECTIONS 19, 30  
AND 31, TOWNSHIP 23 NORTH, RANGE 3  
EAST, HARDING COUNTY, SOUTH DAKOTA;  
AND FOR OTHER RELIEF AS THE BOARD  
DEEMS APPROPRIATE.**

Dear Ms. Hegg:

Please find enclosed herewith for filing a PETITION AND APPLICATION OF ZENERGY OPERATING COMPANY, LLC for consideration.

Thank you for your attention to this matter. Should have any questions, please advise.

Sincerely,



LAWRENCE BENDER

LB/mpg  
Enclosure

cc: Mr. Michael Lees (via email w/enc.)  
Mr. Clayton Daily (via email w/enc.)

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DEPT OF ENVIRONMENT & NATURAL  
RESOURCES - RAPID CITY

STATE OF SOUTH DAKOTA

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

BOARD OF MINERALS AND ENVIRONMENT

CASE NO. 56-2013

IN THE MATTER OF THE APPLICATION OF  
ZENERGY OPERATING COMPANY, LLC FOR  
AN ORDER OF THE BOARD AMENDING ANY  
APPLICABLE ORDERS FOR THE BORDER  
FIELD TO POOL ALL INTERESTS IN A 1700-  
ACRE SPACING UNIT DESCRIBED AS ALL  
OF SECTIONS 19, 30 AND 31, TOWNSHIP 23  
NORTH, RANGE 3 EAST, HARDING COUNTY,  
SOUTH DAKOTA; AND FOR OTHER RELIEF  
AS THE BOARD DEEMS APPROPRIATE.

PETITION AND APPLICATION  
OF CONTINENTAL RESOURCES, INC.

Zenergy Operating Company, LLC (“ZOC”) and for its petition and application to the Department of Environment and Natural Resources, Board of Minerals and Environment (the “Board”), states and alleges as follows:

1.

ZOC is the owner of an interest in the oil and gas leasehold estate underlying all or portions of the following described lands in Harding County, South Dakota:

Township 23 North, Range 3 East

Section 19: All

Section 30: All

Section 31: All

(the “Subject Lands”)

2.

That by petition filed by ZOC requesting to establish Sections 19, 30 and 31 as a 1700-acre spacing unit, it is anticipated that an order will be issued by the Board establishing said spacing unit in the Border Field.

3.

That ZOC hereby requests the Board authorize ZOC to drill, equip and operate the Alfred G. South Federal 30G-31H well as a horizontal well in the "B" Zone of the Red River pool in the Border Field within the Subject Lands.

4.

That there are both separately owned tracts and separately owned interests in the spacing unit comprised of the Subject Lands.

5.

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

6.

That Section 45-9-31 of the South Dakota Codified Laws provides as follows:

**45-9-31. Order pooling all interests in spacing unit-- Application by interested person--Notice and hearing--Terms and conditions.** In the absence of voluntary pooling, the Board of Minerals and Environment or the secretary, as applicable, upon the application of any interested person, shall enter an order pooling all interests in the spacing unit for the development and operation of the spacing unit, and for the sharing of production from the spacing unit. Each such pooling order shall be made after notice and opportunity for hearing, and shall be upon terms and conditions that are just and reasonable, and that afford to the owner of each tract or interest in the spacing unit the opportunity to recover or receive without unnecessary expense, his or her just and equitable share.

7.

That Section 45-9-32 of the South Dakota Codified Laws provides as follows:

**45-9-32. Order of Board of Minerals and Environment pooling all interests in spacing unit--Operation of well--Rights of owners to participate--Payment of expenses.** Each such pooling order shall authorize the drilling, equipping, and operation of a well on the spacing unit; shall provide who may drill and operate the well; shall prescribe the time and manner in which all the owners in the spacing unit may elect to participate therein; and shall make provision for payment by all those who elect to participate therein of the reasonable actual cost thereof, plus a reasonable charge for supervision and interest.

8.

ZOC respectfully requests that the Board enter an order to pool all interests in a 1700-acre spacing unit for the Border Field described as the Subject Lands.

9.

In ZOC's opinion, pooling the Subject Lands will increase the ultimate recovery of the pool, prevent waste, prevent the drilling of unnecessary wells and protect correlative rights.

**WHEREFORE**, ZOC respectfully requests that notice of this matter be provided as required by South Dakota laws and that thereafter the Board of Minerals and Environment enter its order granting the relief requested herein.

DATED this 11<sup>th</sup> day of November, 2013.

FREDRIKSON & BYRON, P.A.



By \_\_\_\_\_  
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(701) 221-4020

***ATTORNEYS FOR APPLICANT AND  
PETITIONER, ZENERGY OPERATING  
COMPANY, LLC***