

OIL PATCH HOTLINE

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INSIDE THE PATCH

by Dennis Blank, Editor



A few years ago, there was just a handful of companies moving rigs—I.E. Miller, Black Hills, Speedy Heavy—just to name a few. Now there are over a dozen—some say there are at least two dozen—competing for the same business. **New kids on the block include Cruz Construction from Alaska with its office in Ray and Northern Energy Services, which has set up shop in Tioga.** Competition has meant lower rates and that makes operators, who are seeking cost-saving measures, happy. As operators move to more pad development—the prediction is that by this time next year half of all the wells drilling in North Dakota will be off pads—and that means **that there will be less rig moves.** So for the first time in months, we hear of truckers waiting for business.

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Big Spending

Continental Earmarks \$3.4B

Continental Resources, the largest operator in the Williston Basin with nearly 1 million net acres, will spend \$3.4 billion in 2013 with the anticipation of completing 738 gross wells in North Dakota, Montana and Oklahoma.

At the same time, Continental disclosed that its Elm Coulee Field in Richland County, which kicked off the horizontal play over six years ago, has been extended another eight miles.

The company believes there are another 97,000 gross acres of proven reservoir with the potential for another 303 gross wells. The company

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M & K Rig Services dismantles the CanElson #41 Rig, which just completed the Pathfinder 2-9H well for Slawson Exploration south of Stanley, ND and moved it to a new location near Sidney, MT. As over a dozen rig companies now compete for business, rates are declining.

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Sinclair Will Pay EPA Fine Of \$378,000

The Environmental Protection Agency said that Sinclair Wyoming Refining Co. in a consent decree agreed to pay a \$378,000 penalty stemming from several accidents and fires at its refinery in Sinclair, WY.

"Sinclair has had several accidents and releases of hazardous substances over the past several years that relate to process equipment," said Mike Gaydosh, director of the EPA's enforcement program in Denver. "The settlement will help ensure the company is operating in accordance with industry standards to protect the environment as well as residents of nearby communities."

Sinclair said it will update process equipment operating procedures, do employee training, improve equipment maintenance and perform integrity tests on pressure vessels and piping to reduce the possibility of accidental releases of hazardous chemicals.

Sinclair Oil Faces WY \$155,000 Fine

Sinclair Oil has been cited for 11 state violations and fined \$155,000 stemming from a fire at its refinery May 8 in Sinclair, WY where four employees were injured.

The action was brought by Wyoming Dept. of Workforce Services, which said the oil company was also required to meet with OSHA every two weeks during safety audits.

"Following the series of incidents at Sinclair Refinery, OSHA is requiring Sinclair to bring in external independent safety contractors to perform audits and investigations," said Joan Evans, director of WDWS.

Continental Cuts Frac Costs

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is testing another 157,000 gross acres with a potential reserve of 211 MMBOE.

During the investor's day program in Oklahoma City earlier this month, Continental officials also disclosed they have decreased frac stimulation costs, dropping from \$114,000 per stage a year ago to \$98,000 per stage today.

Moreover, Continental estimated it is saving \$7.5 million by drilling six wells on an Eco-pad with a total of 129,321 feet in 128 days with a total cost of \$21.8 million from spud to release.

Part of that capital spending next year will go to developing more infrastructures in North Dakota including more salt water disposal wells and salt water and fresh water distribution systems.

Continental said that it will put in three more salt water disposal wells in addition to the six it operates now because daily production from its wells now exceeds 46,000 barrels a day.

The company's long range goal anticipates doubling the number of rigs it has drilling to 50 and increase production by 300,000 BOPD by 2017.

Continental said that with all its holdings, which include the Anadarko Woodford play in Oklahoma with 315,675 net acres, the company expects to increase production from 36 MMBOE this year to 108 MMBOE by 2017.

"Our legacy assets in the largest oilfield found in over 40 years, the Bakken, provide a large amount of comfort in the reliability of our new five-year plan," said Chairman and CEO Harold Hamm.



During the grand opening of the Target Logistics Williams County Lodge, which will add living quarters for another 300 workers, charitable donations of \$2500 each were made by Target to two local organizations. From left to right are: Peggy Bearce, representing Lutheran Social Services of North Dakota; Travis Kelley, regional vice president for Target; and Joann Callahan, representing Williston Community Builders. (Photo by Roger Riveland)