

DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION

Trust Land Management Division



STEVE BULLOCK, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074  
TELEFAX NUMBER (406) 444-2684

PO BOX 201601  
HELENA, MONTANA 59620-1601

September 17, 2015

Attn: Geoff Poole, Landman-Bakken  
WPX Energy  
P.O. Box 3102  
Tulsa, OK 74101-3102

Re: Well Proposals  
Peterson 6-5-4HQ, Peterson 6-5-4HD, Peterson 6-5-4HZL, Peterson 6-5-4HC  
Township 150 North, Range 91 West  
Sections 4, 5, and 6  
McLean County, North Dakota

Dear Mr. Pool:

As we discussed, the Department of Natural Resources and Conservation has an MOU with the Department of Fish, Wildlife and Parks (DFWP) which authorizes our department to issue and manage oil and gas leases on their behalf where state-owned mineral rights belong to them. In this instance, the DFWP was deeded partial undivided mineral interests in lands located in North Dakota from the Estate of William Kamps. The DFWP's interest in this spacing unit is unleased. Once acquired by the state agency, these lands became "state lands," and therefore subject to statutes that provide for leases to be issued through oral auction.

It is with that background that I have enclosed the election letters for the above-referenced proposed wells. As the mineral owner, we are eager to see these wells drilled, but have elected not to participate in the costs of the drilling and completion of these wells. Our next quarterly lease auction is December 1, 2015 and we have included DFWP's ownership interest on that sale. You should have received information relating to the December 1<sup>st</sup> sale, including a preliminary tract list and a website link to additional information.

Please keep us apprised of your progress in drilling and completing these wells. We understand that any production revenues attributable to the DFWP's interest will be subject to non-consent cost recovery provisions for unleased minerals, as well as the statutory royalty rate while the interest is unleased. DFWP's ownership is also subject to withholding for production and oil extraction taxes. Royalty revenues will be receipted and processed through our agency, and then distributed to DFWP's account for these funds. Please have WPX revenue disbursement staff contact me when we get to that point.

In the meantime, please contact me if you have any questions regarding the DFWP ownership interest or the lease sale. I can be reached at 406-444-3843.

Sincerely,

A handwritten signature in cursive script that reads "Monte G. Mason".

Monte G. Mason  
Minerals Management Bureau Chief

Enc.

# Representative AFE From One of Four Proposed Wells



August 24, 2015

## Via Certified Mail RRR

Region 1, Hooked on Fishing, Montana Fish, Wildlife & Parks  
490 North Meridian Road  
Kalispell, MN 59901

WPX Energy Williston, LLC  
Geoff Pool, Landman  
[geoff.pool@wpxenergy.com](mailto:geoff.pool@wpxenergy.com)  
3500 One Williams Center  
P.O. Box 3102  
Tulsa, OK 74101-3102  
539-573-6843 (desk)  
539-573-1963 (fax)

Re: Peterson 6-5-4HC Well Proposal  
Sections 4, 5 and 6, T150N-R91W  
McLean County, North Dakota

~~Benjamin J. Larson:~~ *Fwd*

WPX Energy Williston, LLC, ("WPX"), f/k/a Dakota-3 E&P Company, LLC as an owner of an interest in the oil and gas leasehold estate in and under Sections 4, 5 and 6, T150N-R91W, McLean County, North Dakota, hereby submits this proposal for the drilling of the Peterson 6-5-4HC well. Sections 4, 5 and 6 together constitute the designated drilling and spacing unit for the well.

The Peterson 6-5-4HC well has been planned as a horizontal Bakken Pool test with an approximate surface location at 539' FSL and 383' FEL in Section 1, T150N-R92W. After entering the Bakken Pool in the SE/4SE/4 of Section 1, WPX plans to drill horizontally to the East with the terminus of the wellbore located approximately at 1936' FSL, and 250' FEL in the NE/4SE/4 of Section 4, T150N-R91W. A survey plat reflecting the above-described well location and path is attached; however the actual location of the surface hole and/or bottom hole may vary from those outlined in this proposal and reflected on the attached plat.

According to the title information now available for these sections, you own 11.697600 net mineral acres (0.620062% Working Interest) in Sections 4, 5 and 6. As set forth in the attached AFE, the estimated dry hole cost for the Peterson 6-5-4HC well is \$3,729,018 with an estimated completion cost of \$6,157,041 for a total estimated completed well cost of \$9,886,059. Please note these estimated costs are subject to change.

Each interest owner has until thirty (30) days from receipt of this proposal to elect whether to participate in the proposed well. If you wish to participate in the drilling operations for the Peterson 6-5-4HC well, please indicate your election to participate or lease your interest in the space provided below and return a copy of this letter to my attention. Please confirm your election to participate, and your support of WPX Energy Williston, LLC as operator of the related spacing unit, by signing and returning the attached AFE and returning a copy to my attention. Upon receipt of an election to participate and signed AFE, WPX will begin invoicing you as well costs are incurred. Your estimated share of the total completed well costs is \$61,300

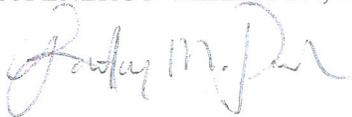
Should you elect not to participate or lease your interest(s) in the proposed operations as outlined herein, please so indicate in the space provided below, and return a copy of this letter to my attention. Please note that in the event any owner offered an opportunity to participate elects not to participate or fails to elect timely in the operations; WPX plans to impose a risk penalty as provided for by North Dakota law, pursuant to N.D.C.C. §38-08-08(3). Any nonparticipating owner may object to the risk penalty by either responding in opposition to the petition for a risk penalty, or if no such petition has been filed, by filing an application or request for a hearing with the North Dakota Industrial Commission. Please note, if you have previously executed a Joint Operating Agreement ("JOA") covering Sections 4, 5 and 6, the terms of said JOA will supersede N.D.C.C. §38-08-08(3).

The Peterson 6-5-4HD well currently has an anticipated spud date of October 15, 2015. As such, your timeliest decision regarding participation is appreciated. If you have not previously executed a Joint Operating Agreement covering Sections 4, 5 and 6 and elect to participate in the Peterson 6-5-4HD well, and you wish to receive well data, please submit pre-payment in full for your proportionate share of costs for the attached AFE, along with a current well information data sheet. Please note the Peterson 6-5-4HD well is scheduled to be batch drilled with the Peterson 6-5-4HC, Peterson 6-5-4HQ, and Peterson 6-5-4HZL.

Should you have any questions regarding the above provided information, please do not hesitate to contact the undersigned by phone at (539) 573-6843, or by email at [geoff.pool@wpxenergy.com](mailto:geoff.pool@wpxenergy.com).

Regards,

WPX ENERGY WILLISTON, LLC



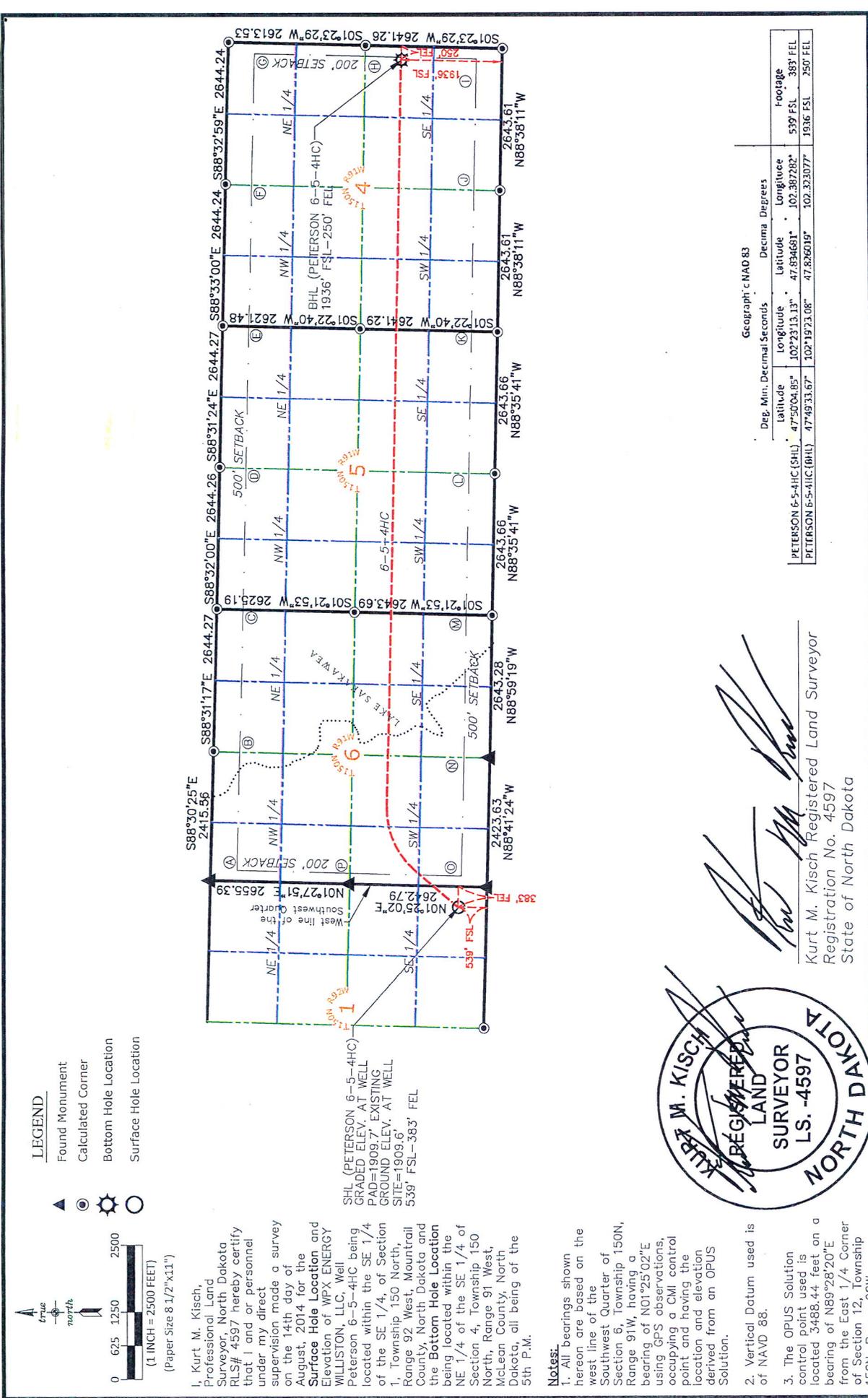
Geoffrey M. Pool  
Landman, Bakken

Enclosures: (2)

Region 1, Hooked on Fishing, Montana Fish, Wildlife & Parks

- Elect to participate in the drilling & completion of the Peterson 6-5-4HD Well
- Elect not to participate in the drilling & completion of the Peterson 6-5-4HD Well
- Elect to lease your minerals in Sections 4, 5 and 6, T150N-R91W, McLean County, ND:  
*\$2,000.00/ac bonus; 18.00% royalty; 3 year primary term, with an agreed upon lease form (example provide herein)*

By: Monte & Mason  
Title: Minerals Management Bureau Chief, MT-DNR  
Date: 9/17/2015  
Email: mmason@mt.gov  
Phone: 406-444-3843



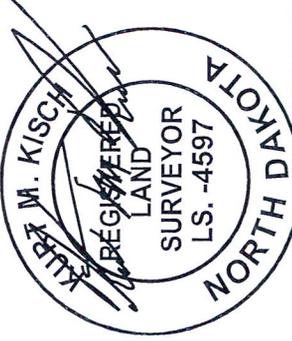
**LEGEND**  
 Found Monument  
 Calculated Corner  
 Bottom Hole Location  
 Surface Hole Location



I, Kurt M. Kisch, Professional Land Surveyor, North Dakota RLS# 4597 hereby certify that I and or personnel under my direct supervision made a survey on the 14th day of August, 2014 for the Surface Hole Location and Elevation of WPX ENERGY WILLISTON, LLC, Well Peterson 6-5-4HC being located within the SE 1/4 of the SE 1/4, of Section 1, Township 150 North, Range 92 West, Mountrail County, North Dakota and the Bottom Hole Location being located within the NE 1/4 of the SE 1/4 of Section 4, Township 150 North, Range 91 West, McLean County, North Dakota, all being of the 5th P.M.

**Notes:**

- All bearings shown hereon are based on the west line of the Southwest Quarter of Section 6, Township 150N, Range 91W, having a bearing of N01°25'02"E using GPS observations, occupying a CMI control point and having the location and elevation derived from an OPUS Solution.
- Vertical Datum used is of NAVD 88.
- The OPUS Solution control point used is located 3488.44 feet on a bearing of N89°28'20"E from the East 1/4 Corner of Section 12, Township 150N, Range 92W.
- Distances shown hereon are ground distances using a combined scale factor of 1.000143341.



Kurt M. Kisch Registered Land Surveyor  
 Registration No. 4597  
 State of North Dakota

Geographic: NAD 83			
Deg. Min. Decimal Seconds	Latitude	Longitude	Decima Degrees
PETERSON 6-5-4HC (SHL)	47°50'04.85"	102°23'13.13"	47.834681° 102.387282°
PETERSON 6-5-4HC (BHL)	47°49'33.67"	102°19'23.08"	47.826019° 102.323077°
			Footage
			539' FSL 383' FEL
			1936' FSL 250' FEL



**Carlson  
McCain**

ENVIRONMENTAL - ENGINEERING - SURVEYING  
 600 South 2nd Street, Suite 105  
 Bismarck, ND 58504  
 www.carlsonmccain.com

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**PAD LOCATION**

THE SE 1/4 OF THE SE 1/4 OF  
 SECTION 1, TOWNSHIP 150N, RANGE 92W,  
 MOUNTRAIL COUNTY, NORTH DAKOTA

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JOB NO: 5252 | DATE: 11/13/14  
 REVISIONS: 11/17/14, 11/19/14, 12/16/14

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**WELL LOCATION PLAT**  
**PETERSON 6-5-4HC**  
 ~ WPX ENERGY WILLISTON, LLC ~

SHEET 3 of 19

3077-WPX ENERGY WILLISTON LLC AFE # (WT42319-62425743), Pending Approval											
Well Name: PETERSON 6-5-4HC				Well#: 62425743				Field: VAN HOOK			
Location: SESE 1-150N-92W				County: MOUNTRAIL				State: ND			
BHL: NESE SEC 4-T150N R91W 1936 FSL 250 FEL				SHL: SESE SEC 1 T150N R92W 539 FSL 383 FEL							
Formation: BAKKEN				Total Depth: 0.0				Days:			
Effective Date: 08/20/2015				Type Code: Development				Desc:			
Budget No: FP1117676-2015 WILLISTON OPERATED				Aries ID:				Pad Name: PETERSON PAD			
Operator: WPX ENERGY WILLISTON LLC				Asset Group: WILLISTON				Proj Manager: Jackson, Jim			
AFE Drill & complete a Middle Bakken well with a TMD of 25,695 feet and lateral length of 15,772 feet in 30 days.											
8500	8600	Tangible									
Tubular Goods											
DRL	CMP	Line Item	Feet	Size	Wt.	Grade	Conn	\$/FT	DRILL	COMP	TOTAL
8750		TDC-CONDUCTOR/DRIVE PIPE	80					125	10000	0	10000
8810		TDC-INTERMEDIATE CASING	10556	7"	32#	P-110	LTC	17.6	185785	0	185785
8889		TDC-SURFACE CASING	2000	9-5/8"	36#	N-80	LTC	15.3	30600	0	30600
	8232	TCC-TIE BACK CASING STRING							0	0	0
	8902	TCC-TUBING & ACCESSORIES	10000	2-3/8"	4.7#	N-80	EUE 8RD	4.25	0	42500	42500
	8931	TCC-PRODUCTION LINER		4-1/2"	13.6#	P-110	LTC		0	125459	125459
Other Equipment											
8918		TDC-WELLHEAD EQUIPMENT (DRILLING)							15000	0	15000
	8918	TCC-WELLHEAD EQUIPMENT (COMPLETION)							0	26985	26985
8510	8610	Offset Well Tangible									
Offset Well - Tangible											
Total Tangible Costs									241385	194944	436329
8300	8400	Intangible									
Drilling Costs											
DRL	CMP	Line Item							DRILL	COMP	TOTAL
8212		IDC-LUBRICANT AND FUEL EXPENSES							220500	0	220500
8740		IDC-RIG MOB/DEMobilIZATION							330000	0	330000
8760		IDC-RIG DAYWORK (DRILLING RIG)							597000	0	597000
8862		IDC-RAT/MOUSE HOLE							8000	0	8000
8868		IDC- RENTAL EQUIP DOWNHOLE (DRILLING)							45000	0	45000
8869		IDC-RENTAL EQUIPMENT SURFACE (DRILLING)							315000	0	315000
Cementing											
8400		IDC-SURFACE CEMENTING MATERIALS							7393	0	7393
8781		IDC-CENTRALIZERS & FLOAT EQUIP							5000	0	5000
8811		IDC=INTERMEDIATE CEMENTING - MATERIAL							15733	0	15733
8891		IDC-SURFACE CEMENTING SERVICE							5000	0	5000
8949		IDC-INTERMEDIATE CEMENTING - SERVICES							7500	0	7500
	8781	ICC-CENTRALIZERS & FLOAT EQUIP							0	13451	13451
	8857	ICC-PRODUCTION CASING CEMENTING							0	29967	29967
Formation Treatment											
	8212	ICC-LUBRICANT AND FUEL EXPENSES							0	115000	115000
	8402	ICC-STIMULATION MATERIALS (MATERIALS)							0	79524	79524
	8403	ICC-FRAC WATER (MATERIALS)							0	9300	9300
	8708	ICC-STIMULATION SERVICES							0	2265284	2265284
	8787	ICC-FRAC WATER SERVICE/COMPLETION							0	132500	132500
	8869	ICC-RENTAL EQUIP SURFACE (COMPLETIONS)							0	181485	181485
	8870	ICC-TANK RENTAL (COMPLETION)							0	52600	52600
	8911	ICC-WATER HAULING & DISPOSAL							0	371166	371166
Special Services											
8070		IDC-TELECOMM SERVICES							22500	0	22500
8718		IDC-BHA & TUBULAR INSPECTION							25000	0	25000
8734		IDC-CASING CREWS							51000	0	51000
8742		IDC-TRUCKING & HAULING (DRILLING)							40000	0	40000
8743		IDC-WELLHEAD SERVICES (DRILLING)							12000	0	12000
8757		IDC-DIRECTIONAL EQUIPMENT SERVICES							323757	0	323757
8774		IDC-FACILITIES LABOR (DRILLING)							40000	0	40000
8783		IDC-FLUID & CUTTING DISPOSAL							100000	0	100000
8823		IDC-LIVING FACILITIES & SANITATION							28500	0	28500
8885		IDC-SLIDS CNTL EQUIP & INSTALL							102000	0	102000
8911		IDC-WATER HAULING (DRILLING)							40000	0	40000
	8299	ICC-FRAC WATER HAULING							0	462715	462715
	8703	ICC-HOT OIL UNIT/TANK HEATNG							0	45000	45000
	8718	ICC-BHA & TUBULAR INSPECTION							0	0	0
	8728	ICC-COIL TUBING & SNUBBING							0	285000	285000
	8733	ICC-CASED HOLE LOGGING SERVICES							0	14285	14285
	8734	ICC-CASING CREWS							0	68875	68875
	8735	ICC-COMPLETION RIG SERVICES							0	75600	75600
	8738	ICC-PERFORATING SERVICES							0	269600	269600
	8740	ICC-RIG MOBIL/DEMobilZATN							0	10000	10000
	8742	ICC-TRUCKING & HAULING (COMPLETION)							0	45000	45000
	8743	ICC-WELLHEAD SERVICES (COMPLETION)							0	17750	17750
	8774	ICC- FACILITIES LABOR							0	100000	100000
	8823	ICC-LIVING FACILITIES & SANITATION							0	5662	5662
	8843	ICC-FLOWBACK SERVICE							0	126800	126800
	8868	ICC-RENTAL EQUIPMENT - DOWNHOLE							0	40000	40000
Materials											
8216		IDC-MISC MATERIALS & SUPPLIES (DRILLING)							15000	0	15000
8732		IDC-BITS							105000	0	105000
8758		IDC-DRILL FLUIDS CHEMICALS							100000	0	100000

8910		IDC-WATER	20000	0	20000
	8846	ICC-PACKERS & PLUGS	0	248016	248016
	8910	ICC-WATER	0	499200	499200
<b>Access Location and Cleanup</b>					
8252		IDC-CULTURAL/PALEO - SERVICES	70000	0	70000
8631		IDC-TRIBAL WELL FEES	100000	0	100000
8730		IDC-ACCESS/LOC CONSTRUCTION SERVICE	80000	0	80000
8772		IDC-ENVIRONMENTAL MITIGATION	30000	0	30000
8791		IDC-PERMITS, SURVEYS, MAPPING	40000	0	40000
8875		IDC-ACCESS LOCATION CONSTRUCTION MATERIALS	5000	0	5000
8877		IDC-ROW USE AGREEMENT	25000	0	25000
8899		IDC-DRILLING TITLE OPINION-ABSTRACT	30000	0	30000
	8240	ICC-RECLAMATION/RESEEDING - MATERIALS	0	1667	1667
	8260	ICC-RECLAMATION/RESEEDING - SERVICES	0	10000	10000
	8730	ICC-ACCESS & LOCATION (COMPLETION)	0	20000	20000
	8875	ICC-ACCESS LOCATION CONSTRUCTION MATERIALS	0	30000	30000
<b>Contract Supervision/Contract Professional Services etc.</b>					
8753		IDC-CONTRACT GEOLOGY	35000	0	35000
8790		IDC-CONTINGENCY	350000	0	350000
8917		IDC-WELLSITE SUPERVISION (DRILLING)	141750	0	141750
	8790	ICC-CONTINGENCY	0	200000	200000
	8917	ICC-WELLSITE SUPERVISION	0	136650	136650
8310	8410	Offset Well Intangible			
<b>Offset Well Intangible</b>					
<b>Total Intangible Costs</b>			<b>3487633</b>	<b>5962097</b>	<b>9449730</b>
<b>Well Connect</b>					
<b>Total Well Connect Costs</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Cost</b>			<b>3729018</b>	<b>6157041</b>	<b>9886059</b>
<b>Working Interest</b>					
<b>Working Interest Owner</b>				<b>Decimal</b>	<b>Cost Share</b>
WPX ENERGY WILLISTON LLC				1.00000000	9886059
<b>Totals</b>				<b>1.00000000</b>	<b>9886059</b>
<b>Approvers</b>					
Date:	08/20/2015	Prepared By:	Therese Smith		
Date:			Jim Jackson		
Date:			Thomas Hellman		
Date:			Brian Wold		
Date:			Clay Gaspar		
Date:		Partners Approval:			
<b>Estimated costs only - Each participating Owner to pay proportionate share of Actual Well Costs</b>					