



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Tuesday, January 6, 2026
Governor's Conference Room or Microsoft Teams – 9:00 am
Join on your computer or mobile app

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Or join by phone: [+1 701-328-0950](tel:+17013280950) passcode: 899678633#

I. Roll Call and Pledge of Allegiance

(approximately 9:00 am)

II. Department of Mineral Resources – Nathan Anderson, Mark Bohrer, David Garner

- A. **Petition for Reconsideration of Order No. 35034 issued in Case No. 32279** approving the application of Phoenix Operating LLC to amend applicable orders for South Meadow-Bakken Pool and authorize up to four wells on previously established 1280 acre spacing unit and other relief as appropriate (Attachment 1)
- B. **Petition for Reconsideration of Order No. 34860 issued in Case No. 32171** denying the application of Continental Resources to amend applicable orders for the Hanson-Bakken Pool and/or South Meadow-Bakken Pool, create and establish two overlapping 2560 acre spacing units, authorizing up to five wells on each, and further relief as appropriate (Attachment 2)
- C. Materials related to Petition for Reconsideration (Attachment 3)
- D. Other DMR Business

(approximately 9:30 am)

III. Industrial Commission Administrative Office – Karen Tyler, Jordan Kannianen

- A. **Consideration of Approval of December 17, 2025, Industrial Commission Meeting Minutes** (Attachment 4)

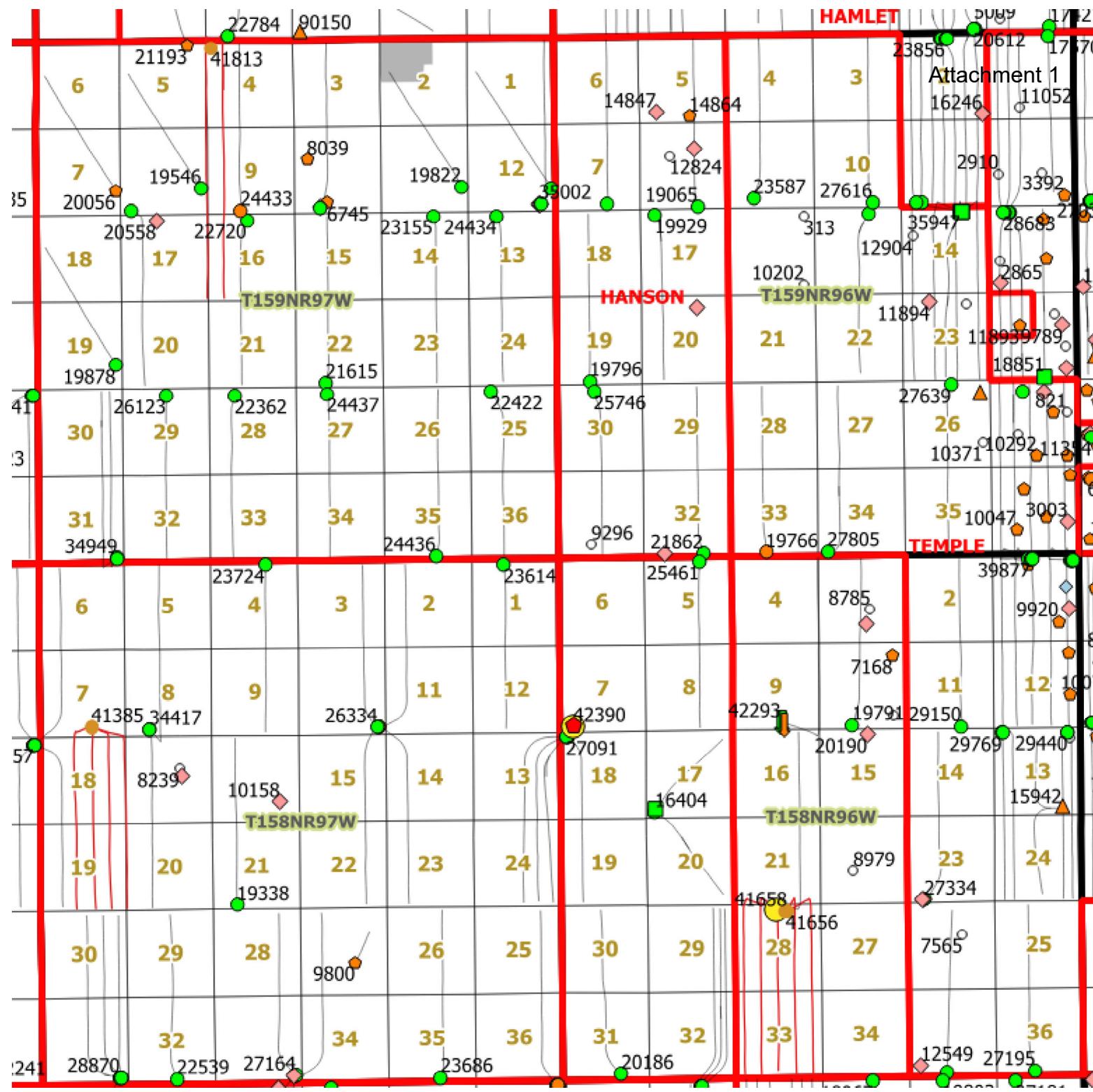
- B. **Presentation of Executive Search Plan and Timeline for North Dakota Mill and Elevator President and CEO Position and Approval of Search Committee Members** (Attachment 5)
- C. Other NDIC Administrative Office Business

IV. Adjournment

Next Regular Industrial Commission Meeting – Tuesday, January 20, 2026

9:00 am – 12:30 pm

Governor's Conference Room





- Existing 1280-acre Spacing Unit



- Three Forks Horizontal Wells



- Proposed Well Pad Location



- Proposed Additional Middle Bakken Horizontal Well



- Approved Middle Bakken Horizontal Leaseline Well



- Approved Middle Bakken Horizontal Well

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

DATE 10/23/25 CASE NO. 32279

Introduced By Phoenix

Exhibit 7

Identified By Shiver

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 32279
ORDER NO. 35034

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
PHOENIX OPERATING LLC FOR AN
ORDER AMENDING THE APPLICABLE
ORDERS FOR SOUTH MEADOW-BAKKEN
POOL TO AUTHORIZE UP TO FOUR WELLS
TO BE DRILLED ON A PREVIOUSLY
ESTABLISHED 1280-ACRE SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7,
T.158N., R.96W., WILLIAMS COUNTY, ND,
OR GRANTING SUCH OTHER RELIEF AS
MAY BE APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause came on for hearing at 9:00 a.m. on the 23rd day of October, 2025.
- (2) Phoenix Operating LLC (Phoenix) made application to the Commission for an order amending the applicable orders for South Meadow-Bakken Pool to authorize up to four wells to be drilled on a previously established 1280-acre spacing unit described as Sections 6 and 7, Township 158 North, Range 96 West, Williams County, North Dakota (Sections 6 and 7), or granting such other relief as may be appropriate.
- (3) Case Nos. 32279 and 32171 were combined for hearing purposes.
- (4) Case No. 32171 originally came on for hearing on September 26, 2025. Counsel for Continental Resources, Inc. (Continental) filed a motion on September 23, 2025 to continue this case to the regularly scheduled hearing in October 2025. There were no objections, the hearing examiner granted the request, and this case was scheduled for hearing on October 23, 2025. Case No. 32171 is an application by Continental for an order for the Hanson and/or South Meadow-Bakken Pool to create and establish two overlapping 2560-acre spacing units comprised of Sections 6, 7, 18, and 19, Township 159 North, Range 96 West (Sections 6-159-96, 7-159-96, 18, and 19); and Sections 6 and 7 and Sections 30 and 31, Township 159 North, Range 96 West (Sections 30 and 31), Williams County, North Dakota, authorizing the drilling of a total not to exceed five wells on each proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.

(5) The witnesses for Continental provided telecommunication testimony in these matters pursuant to North Dakota Administrative Code (NDAC) Section 43-02-03-88.2. Telecommunication Affidavits were received on October 27, 2025; therefore, such testimony may be considered evidence.

(6) Order No. 23786 entered in Case No. 21444, the most recent spacing order for the South Meadow-Bakken Pool, established proper spacing for the development of Zone I at one horizontal well per 1280 acres, Zone II at up to two horizontal wells per 1280 acres, and Zone III at up to six horizontal wells per 1280 acres.

(7) Order No. 22392 entered in Case No. 20087, the most recent spacing order for the Hanson-Bakken Pool, established proper spacing for its development at up to seven horizontal wells per 1280 acres.

(8) Sections 6 and 7 are currently a standup 1280-acre spacing unit in Zone I in the South Meadow-Bakken Pool. There is one horizontal well permitted in said spacing unit but that permit was suspended on October 23, 2025 pending the outcome in these matters.

The Phoenix #3HF Lord 7-6 well (File No. 42391) is a horizontal well permitted in the middle member of the Bakken Formation in said spacing unit from a surface location 360 feet from the south line and 851 feet from the west line of Section 7 to a bottom hole location 191 feet from the north line and 2,110 feet from the west line of Section 6, drilled in the 2,110 feet from west boundary slot.

(9) Sections 6* and 7* and Sections 1 and 12, Township 158 North, Range 97 West, Williams County, North Dakota, are currently a lease-line 2560-acre spacing unit in Zone III in the New Home-Bakken Pool, that allows one lease-line horizontal well on a north-south orientation.

*Sections 6 and 7 are within the South Meadow Field.

(10) Sections 6-159-96 and 7-159-96; Sections 18 and 19; and Sections 30 and 31 are currently standup 1280-acre spacing units in the Hanson-Bakken Pool. There is one horizontal well completed in each said spacing unit.

The Continental #1-7H Salveson well (File No. 19439) is a horizontal well completed in the middle member of the Bakken Formation in the standup 1280-acre spacing unit described as Sections 6-159-96 and 7-159-96 from a surface location 375 feet from the south line and 1,980 feet from the east line of Section 7-159-96 to a bottom hole location approximately 231 feet from the north line and 1,974 feet from the east line of Section 6-159-96, drilled in the approximate 1,970 feet from east boundary slot. The Salveson #1-7H well has produced 133,358 barrels of oil, 234,986 barrels of water, and 271,366 thousand cubic feet (MCF) of gas from its completion on December 26, 2010 through September 2025.

The Continental #1-19H Magnuson well (File No. 19796) is a horizontal well completed in the middle member of the Bakken Formation in the standup 1280-acre spacing unit described as Sections 18 and 19 from a surface location 225 feet from the south line and 1,980 feet from the west line of Section 19 to a bottom hole location approximately 231 feet from the north line and 1,984 feet from the west line of Section 18, drilled in the approximate 1,990 feet from west boundary slot. The Magnuson #1-19H well has produced 152,168 barrels of oil, 191,071 barrels of water, and 317,146 MCF of gas from its completion on July 12, 2012 through September 2025.

The Continental #1-30 H1 Christine well (File No. 25746) is a horizontal well completed in the first bench in the Three Forks Formation in the standup 1280-acre spacing unit described as Sections 30 and 31 from a surface location 395 feet from the north line and 2,205 feet from the west line of Section 30 to a bottom hole location approximately 233 feet from the south line and 2,540 feet from the east line of Section 31, drilled in the approximate 2,540 feet from east boundary slot. The Christine #1-30 1H well has produced 107,522 barrels of oil, 267,475 barrels of water, and 236,629 MCF of gas from its completion on August 20, 2013 through September 2025.

(11) Phoenix's idealized development plan for the standup 1280-acre spacing unit described as Sections 6 and 7 is to drill four horizontal wells in the middle member of the Bakken Formation approximately 1,056 feet apart parallel to the long axis. Phoenix plans to drill these horizontal wells from a common pad near the midpoint of the south line of Section 7. Utilization of horizontal drilling technology as proposed would result in the wells being completed at a location or locations not in compliance with current applicable spacing orders for the South Meadow-Bakken Pool. The horizontal well designs proposed may be preliminary and could be changed for various reasons which is permissible as long as the horizontal well design still justifies the spacing unit.

(12) Continental's idealized development plan for the standup 2560-acre spacing unit described as Sections 6-159-96, 7-159-96, 18, and 19 is to drill five horizontal wells in the middle member of the Bakken Formation parallel to the long axis in the approximate 660 feet and 1,500 feet from west boundary slots, the approximate 550 feet and 1,500 feet from east boundary slots, and in the approximate 2,640 feet from east boundary slot across Sections 18 and 19 and then jogging over to the approximate 2,400 feet from west boundary slot across Sections 6-159-96 and 7-159-96. Continental plans to drill these horizontal wells from the Magnuson #1-19H well pad in the SE/4 SW/4 of Section 19.

Continental's idealized development plan for the standup 2560-acre spacing unit described as Sections 30, 31, 6, and 7 is to drill five horizontal wells in the middle member of the Bakken Formation parallel to the long axis in the approximate 550 feet and 1,600 feet from west boundary slots and the approximate 550 feet, 1,450 feet, and 2,250 feet from east boundary slots. Continental plans to drill these horizontal wells from the Christine #1-30 1H well pad in the NE/4 NW/4 of Section 30.

Utilization of horizontal drilling technology as proposed would result in the wells being completed at a location or locations not in compliance with current applicable spacing orders for the Hanson or South Meadow-Bakken Pool.

(13) Phoenix does not object to the establishment of Sections 6-159-96, 7-159-96, 18, and 19 as a standup 2560-acre spacing unit but does object to the establishment of Sections 30, 31, 6, and 7 as a standup 2560-acre spacing unit since this would preclude it from its planned development of the standup 1280-acre spacing unit described as Sections 6 and 7.

(14) Phoenix testified it has been planning to develop Sections 6 and 7 as a standup 1280-acre spacing unit for more than a year; it has gas and electrical connections nearby investing over \$300,000 for the electrical connection and it intends to install a saltwater disposal well on the common pad near the midpoint of the south line of Section 7. Phoenix testified it is ready to build the pad now and begin development in December 2025, arguing Continental needs to obtain a federal permit to drill as the lessee of an undivided mineral tract in Section 6 that is 50% federal while it does not since it is not the federal leaseholder and is entitled to drill under the fee portion of said lease without obtaining a federal permit to drill. Continental disagrees with Phoenix's assessment arguing Phoenix would also need to obtain a federal permit to drill.

(15) Phoenix owns or controls approximately 42.01% of the leasehold estate in the standup 1280-acre spacing unit described as Sections 6 and 7 while Continental owns or controls approximately 6.79% pursuant to the aforementioned federal lease.

Continental owns 44.59% of the leasehold estate in the proposed standup 2560-acre spacing unit described as Sections 30, 31, 6, and 7, Hess Bakken Investments II, LLC (Hess) owns 3.91%, Huntsman Energy, LP (Huntsman) owns 2.14%, and Northern Oil and Gas, Inc. (Northern) owns 0.89%. Hess, Huntsman, and Northern support establishment of the aforementioned standup 2560-acre spacing unit and Continental and its supporters own 51.53% of the leasehold estate. All of Continental's, Hess', Huntsman's, and Northern's ownership is in Sections 30 and 31; they have no interest in Sections 6 and 7.

(16) Continental argues the general future development in this area by various operators, including Phoenix, is with three and four-mile horizontal wells in standup 1920 and 2560-acre spacing units, and if its application is denied, it cannot drill four-mile horizontal wells in Sections 6-159-96, 7-159-96, 18, 19, 30, and 31 without stranding a Continental operated standup 1280-acre spacing unit. Continental testified 1280-acre spacing unit well economics are challenging and uneconomic in this area and operators have made the transition to three and four-mile horizontal wells to improve economics through operational efficiencies and consolidation; this is a much more economic method to develop economically challenged rock and results in less surface disturbance and infrastructure. Continental testified two and three-mile horizontal wells are economic in the core of the Williston Basin but acknowledged under cross examination that Phoenix has drilled ten two-mile horizontal wells in this area during the last few months.

(17) Continental testified in the northern Williston Basin two-mile horizontal well economics are borderline to uneconomic but three and four-mile horizontal well economics are prolific; the cost per foot is driven down the longer the horizontal lateral representing capital efficiency gained and economics are improved for every incremental mile drilled.

(18) Both Phoenix and Continental agree that in general three-mile horizontal well economics are better than two-mile horizontal well economics and four-mile horizontal well

economics are better than two and three-mile horizontal well economics although that is not true in this case and Phoenix argues the time value of money must be taken into account; it is prepared to develop the standup 1280-acre spacing unit described as Sections 6 and 7 now while Continental's timeline is unknown so it may be better to proceed with two-mile horizontal well development now when the time value of money is considered.

(19) Phoenix testified it possibly has drilled the most four-mile horizontal wells in the Williston Basin but is willing to develop with two, three, or four-mile horizontal wells where it finds the opportunities to develop acreage that meets its economic parameters.

(20) Phoenix argues Continental can develop Sections 6-159-96, 7-159-96, 18, 19, 30, and 31 with three-mile horizontal wells in two standup 1920-acre spacing units; three-mile horizontal wells are economic and Continental has a minimal working interest in the standup 1280-acre spacing unit described as Sections 6 and 7.

(21) Continental acknowledged under cross examination that it is technically possible to develop Sections 6-159-96, 7-159-96, 18, 19, 30, and 31 with three-mile horizontal wells in two standup 1920-acre spacing units but testified that is not the most economic development for the acreage, and further acknowledged it operates two standup 1920-acre spacing units to the west described as Sections 4, 9, and 16; and Sections 21, 28, and 33, Township 159 North, Range 97 West, Williams County, North Dakota. The Commission notes Continental has drilled one three-mile horizontal well in the standup 1920-acre spacing unit described as said Sections 4, 9, and 16.

(22) Phoenix estimates each of its proposed horizontal wells will cost \$6,300,000 to drill and complete, have a net present value discounted at 10% of \$2,900,000, and have an internal rate of return of 37%. Phoenix testified these estimates are based upon five recently drilled and completed two-mile horizontal wells in Sections 28 and 33, Township 158 North, Range 96 West, Williams County, North Dakota, that have been on production approximately 150 days. Phoenix believes this area economically supports two-mile horizontal wells.

Continental estimates each of its proposed horizontal wells will cost \$14,400,000 to drill and complete, have a net present value discounted at 10% of \$2,448,000, and have an internal rate of return of 26%.

(23) Continental estimates the capital expenditure for a two-mile horizontal well is \$858 per completed lateral foot, a three-mile horizontal well is \$773, and a four-mile horizontal well is \$722. Phoenix's capital expenditure for a two-mile horizontal well in this area is \$630 per completed lateral foot.

(24) Continental estimates each of its proposed four-mile horizontal wells will recover 778,000 barrels of oil (194,000 barrels per mile) while Phoenix estimates each of its proposed two-mile horizontal wells will recover 430,000 barrels of oil (215,000 barrels per mile).

(25) The Commission understands three and four-mile horizontal wells are necessary in certain areas for capital efficiency in the current oil price environment; however, when an operator

is willing to drill two-mile horizontal wells with sufficient economics, and in this case superior economics that results in increased oil recovery, the Commission believes this better prevents waste and better protects correlative rights.

(26) Phoenix's application in Case No. 32279 should be approved and Continental's application in Case No. 32171 should be denied.

(27) Construction of common drilling pads will reduce surface impact and the expenditure of funds on surface facilities and enhance the economics of production, thereby preventing economic waste and promoting the greatest ultimate recovery of oil and gas from the South Meadow-Bakken Pool. Utilization of such common drilling pads will improve the timing and economics of connecting wells to gas gathering systems thereby reducing gas flaring and will minimize surface disturbance and enhance the aesthetic values resulting from fewer production facilities.

(28) The Commission enforces a policy which requires measurement inaccuracies in the directional survey equipment be considered when the angle between the horizontal lateral and the corresponding spacing unit boundary is ten degrees or less. Waiving potential tool error in the directional survey equipment when calculating the bottom hole location of any horizontal lateral in spacing units which allow multiple horizontal wells will allow said spacing units to be more efficiently developed.

(29) Phoenix estimates the additional oil and gas to be recovered by each additional well will pay for the cost of drilling and completing the well and yield a profit, hence, each additional well will be economic.

(30) If Phoenix's activities are successful, greater ultimate recovery of oil and gas from the pool will be achieved which will prevent waste and the drilling of unnecessary wells in a manner which will not have a detrimental effect on correlative rights.

IT IS THEREFORE ORDERED:

(1) Sections 6 and 7, Township 158 North, Range 96 West, Williams County, North Dakota, are hereby established as a standup 1280-acre spacing unit for the exclusive purpose of drilling up to four horizontal wells within said spacing unit within the South Meadow-Bakken Pool and Zone III is hereby redefined to include said spacing unit. Existing and future vertical and directional wells drilled within the spacing unit herein established shall not be subject to this order.

(2) The Director is hereby authorized to exercise continuing jurisdiction in this matter to determine whether a horizontal well proposed or drilled upon the 1280-acre spacing unit herein established has justified the creation of such unit, to require amendments or modifications to the permit to drill for such horizontal well, and to deny a permit to drill in the event a well is proposed to be drilled in a manner inconsistent with the evidence that justified such spacing unit.

(3) Provisions established herein for the South Meadow-Bakken Pool are for the exclusive purpose of drilling horizontal wells. Existing and future vertical and directional wells drilled within the area defined in paragraph (4) below shall not be subject to this order.

(4) The South Meadow Field is hereby defined as the following described tracts of land in Williams County, North Dakota:

TOWNSHIP 158 NORTH, RANGE 96 WEST, 5TH PM
ALL OF SECTIONS 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, 31 AND 32.

(5) The South Meadow-Bakken Pool is hereby redefined as the following described tracts of land in Williams County, North Dakota:

ZONE I (1280H-STANDUP)

TOWNSHIP 158 NORTH, RANGE 96 WEST, 5TH PM
ALL OF SECTIONS 5 AND 8.

ZONE II (2/1280H-STANDUP)

TOWNSHIP 158 NORTH, RANGE 96 WEST, 5TH PM
ALL OF SECTIONS 17 AND 20.

ZONE III (4/1280H-STANDUP)

TOWNSHIP 158 NORTH, RANGE 96 WEST, 5TH PM
ALL OF SECTIONS 6 AND 7.

ZONE IV (6/1280H-STANDUP)

TOWNSHIP 158 NORTH, RANGE 96 WEST, 5TH PM
ALL OF SECTIONS 18, 19, 29, 30, 31 AND 32.

ZONE V (2560H-NORTH/SOUTH ORIENTATION-LEASE-LINE)

TOWNSHIP 158 NORTH, RANGE 96 WEST, 5TH PM
ALL OF SECTIONS 5, 6, 7 AND 8.

(6) The South Meadow-Bakken Pool is hereby defined as that accumulation of oil and gas found in the interval from 50 feet above the top of the Bakken Formation to 50 feet below the top of the Three Forks Formation within the limits of the field as set forth above.

(7) All portions of the well bore not isolated by cement of any horizontal well in the South Meadow-Bakken Pool shall adhere to the following requirements unless specifically provided for in the respective zone below or granted an exception by the Commission after due notice and hearing:

- (a) Measurement inaccuracies in the directional survey equipment need not be considered except when deemed necessary by the Director.
- (b) The lateral, heel portion of the lateral, or toe portion of the lateral in horizontal well bores shall be no closer than 500 feet to the most nearly parallel spacing unit boundary.
- (c) The Director is hereby authorized to reduce the setback from 500 feet to 200 feet for horizontal well bores where the angle of the heel portion of the lateral and the respective spacing unit boundary is less than 45° through the issuance of permit stipulations, whenever, in his opinion, the applicant has demonstrated that correlative rights will be protected.
- (d) The heel portion of the lateral in horizontal well bores where the angle of such is greater than 45° from the respective most nearly perpendicular spacing unit boundary, shall be no closer than 150 feet to said boundary.
- (e) The lateral or toe portion of the lateral in horizontal well bores where the angle of such is greater than 45° from the respective most nearly perpendicular spacing unit boundary, shall adhere to the following:
 - (i) For horizontal wells completed open hole, the total depth of the well bore shall be no closer than 150 feet to the boundary of the spacing unit;
 - (ii) For horizontal wells completed with the production liner or casing cemented in the lateral, the total depth of the well bore shall be no closer than 50 feet to the boundary of the spacing unit, unless the horizontal well is stimulated through the shoe at the toe of the lateral whereby the total depth of the well bore shall be no closer than 150 feet to the boundary of the spacing unit; and
 - (iii) For horizontal wells completed with the production liner or casing externally isolated in the lateral by the use of packers, the total depth of the well bore shall be no closer than 100 feet to the boundary of the spacing unit unless the horizontal well is stimulated through the shoe at the toe of the lateral whereby the total depth of the well bore shall be no closer than 150 feet to the boundary of the spacing unit.

(8) The Application for Permit to Drill (Form 1) for a horizontal well to be completed in the South Meadow-Bakken Pool shall include a well schematic which depicts the:

- (a) Proposed production casing setting depth at the heel relative to the spacing unit boundary;

- (b) Proposed completion style as open hole lateral, cemented liner or casing in the lateral, liner or casing externally isolated in the lateral by the use of packers, or other completion style; and
- (c) Proposed toe of the lateral including the location of the deepest perforation, completion sleeve, and/or external isolation packer.

(9) The Completion Report (Form 6) for a horizontal well completed in the South Meadow-Bakken Pool shall include a well schematic which depicts the:

- (a) Production casing setting depth at the heel relative to the spacing unit boundary;
- (b) Completion style as open hole lateral, cemented liner or casing in the lateral, liner or casing externally isolated in the lateral by the use of packers, or other completion style; and
- (c) Toe of the lateral including the location of the deepest perforation, completion sleeve, and/or external isolation packer.

(10) The proper spacing for the development of Zone I in the South Meadow-Bakken Pool is hereby set at one horizontal well per standup 1280-acre spacing unit.

(11) Sections 5 and 8, Township 158 North, Range 96 West, Williams County, North Dakota, are hereby designated a standup 1280-acre spacing unit in Zone I in the South Meadow-Bakken Pool.

(12) Spacing units hereafter created in Zone I in the South Meadow-Bakken Pool shall be standup spacing units consisting of two adjacent governmental sections.

(13) Zone I in the South Meadow-Bakken Pool shall not be extended except by further order of the Commission after due notice and hearing.

(14) The proper spacing for the development of Zone II in the South Meadow-Bakken Pool is hereby set at two horizontal wells per standup 1280-acre spacing unit.

(15) Sections 17 and 20, Township 158 North, Range 96 West, Williams County, North Dakota, are hereby designated a standup 1280-acre spacing unit in Zone II in the South Meadow-Bakken Pool.

(16) Spacing units hereafter created in Zone II in the South Meadow-Bakken Pool shall be standup spacing units consisting of two adjacent governmental sections.

(17) Zone II in the South Meadow-Bakken Pool shall not be extended except by further order of the Commission after due notice and hearing.

(18) The proper spacing for the development of Zone III in the South Meadow-Bakken Pool is hereby set at up to four horizontal wells per standup 1280-acre spacing unit.

(19) Sections 6 and 7, Township 158 North, Range 96 West, Williams County, North Dakota, are hereby designated a standup 1280-acre spacing unit in Zone III in the South Meadow-Bakken Pool.

(20) Spacing units hereafter created in Zone III in the South Meadow-Bakken Pool shall be standup spacing units consisting of two adjacent governmental sections.

(21) Zone III in the South Meadow-Bakken Pool shall not be extended except by further order of the Commission after due notice and hearing.

(22) The proper spacing for the development of Zone IV in the South Meadow-Bakken Pool is hereby set at up to six horizontal wells per standup 1280-acre spacing unit.

(23) Sections 18 and 19; Sections 29 and 32; and Sections 30 and 31, Township 158 North, Range 96 West, Williams County, North Dakota, are hereby designated standup 1280-acre spacing units in Zone IV in the South Meadow-Bakken Pool.

(24) Spacing units hereafter created in Zone IV in the South Meadow-Bakken Pool shall be standup spacing units consisting of two adjacent governmental sections.

(25) Zone IV in the South Meadow-Bakken Pool shall not be extended except by further order of the Commission after due notice and hearing.

(26) The proper spacing for the development of Zone V in the South Meadow-Bakken Pool is hereby set at one lease-line horizontal well per 2560-acre spacing unit drilled on a north-south orientation.

(27) All portions of the well bore not isolated by cement of any horizontal well in Zone V in the South Meadow-Bakken Pool shall be located approximately down the north-south axis and comply with paragraph (7) above.

(28) Sections 5, 6, 7, and 8, Township 158 North, Range 96 West, Williams County, North Dakota, are hereby designated a 2560-acre spacing unit in Zone V in the South Meadow-Bakken Pool.

(29) Spacing units hereafter created in Zone V in the South Meadow-Bakken Pool shall consist of four adjacent governmental sections designated by the Commission.

(30) Zone V in the South Meadow-Bakken Pool shall not be extended except by further order of the Commission after due notice and hearing.

(31) The operator of any horizontally drilled well in the South Meadow-Bakken Pool shall cause to be made a directional survey of the well bore. The directional survey contractor shall file

a certified survey with the Commission within 30 days after completion of the well in accordance with NDAC Section 43-02-03-25. The survey shall be of sufficient quality to enable the Commission to determine the entire completion location of the well and its terminus.

(32) The Director is hereby authorized to exercise continuing jurisdiction to determine whether any well proposed or drilled upon any spacing unit herein established has justified the creation of such unit, to require amendments or modifications to the permit to drill for such well, and to deny a permit to drill in the event a well is proposed to be drilled in a manner inconsistent with the evidence that justified the spacing requirements in the South Meadow-Bakken Pool.

(33) The Commission shall have continuing jurisdiction in this matter and specifically reserves the authority, upon its own motion or the motion of any interested party, to: (1) review the spacing requirements for the South Meadow-Bakken Pool; (2) determine whether the separate zones of spacing established herein are warranted; and (3) make such further amendments or modifications to the spacing requirements for the South Meadow-Bakken Pool as the Commission deems appropriate.

(34) No well shall be drilled or produced in the South Meadow-Bakken Pool, as defined herein, except in conformity with the regulations above without special order of the Commission after due notice and hearing.

(35) The following rules concerning the casing, tubing, and equipping of wells shall apply to the subsequent drilling and operation of wells in the South Meadow-Bakken Pool:

- (a) The surface casing shall consist of new or reconditioned pipe that has been previously tested to 1,000 pounds per square inch. The casing shall be set and cemented at a point not less than 50 feet below the base of the Fox Hills Formation. Sufficient cement shall be used to fill the annular space outside the pipe to the surface of the ground, or the bottom of the cellar, and sufficient scratchers and centralizers shall be used to assure a good cement job. Cement shall be allowed to stand a minimum of 12 hours before drilling the plug or initiating tests. The quality of cement shall conform to the standards provided under NDAC Section 43-02-03-21. After cementing, the casing shall be tested by application of pump pressure of at least 1,000 pounds per square inch. If, at the end of 30 minutes this pressure has dropped 100 pounds per square inch or more, the casing shall be repaired. Thereafter, the casing shall again be tested in the same manner. Further work shall not proceed until a satisfactory test has been obtained;
- (b) The producing or oil string shall consist of new or reconditioned pipe that has been previously tested to 2,000 pounds per square inch. Casing shall be set and cemented at a point not higher than the top of the producing formation, or at a point approved by the Director. Sufficient cement shall be used and applied in such a manner as to protect and isolate all formations containing oil and/or gas, protect the pipe through salt sections encountered, and isolate the Dakota-Lakota Series. The cement shall be allowed to stand a minimum of 15 hours before drilling the plug or initiating tests. The quality of cement shall conform to the standards provided under NDAC

Section 43-02-03-21. After cementing, the casing shall be tested by application of pump pressure of at least 1,500 pounds per square inch. If, at the end of 30 minutes this pressure has dropped 150 pounds per square inch or more, the casing shall be repaired. Thereafter, the casing shall again be tested in the same manner. Further work shall not proceed until a satisfactory test has been obtained;

- (c) All well-head fittings and connections shall have a working pressure in excess of that to which they are expected to be subjected; and,
- (d) All wells shall be equipped with tubing; a tubing packer must also be utilized in flowing wells unless a waiver is obtained from the Director after demonstrating the casing will not be subjected to excessive pressure or corrosion; all tubing shall be of sufficient internal diameter to allow the passage of a bottom hole pressure gauge for the purpose of obtaining bottom hole pressure measurements.

(36) The gas-oil ratio of all wells not connected to a gas gathering system shall be measured annually during the month of May. The reservoir pressure shall be measured in any well completed in the South Meadow-Bakken Pool if deemed necessary by the Director. Drill stem test pressures are acceptable for determining reservoir pressure. Pressure measurements shall be made at or adjusted to a subsea datum of 7,550 feet. All gas-oil ratio and reservoir pressure determinations shall be made by methods approved by the Director and reported to the Director within 15 days following the end of the month in which they are determined. The Director is authorized to waive these requirements if the necessity therefor can be demonstrated to his satisfaction. All additional gas-oil ratio and reservoir pressure determinations conducted on any well, but not specifically required herein, shall be reported to the Director within 15 days following the end of the month in which they are determined.

(37) No salt water, drilling mud, crude oil, or waste oil shall be stored in pits in this field, except in an emergency, and approved by the Director.

(38) The first horizontal well completed in each South Meadow-Bakken Pool non-overlapping spacing unit shall be allowed to produce at a maximum efficient rate.

(39) All wells completed in the South Meadow-Bakken Pool that have received an exemption to North Dakota Century Code Section 38-08-06.4 shall be allowed to produce at a maximum efficient rate.

(40) All infill horizontal wells, including overlapping spacing units, completed in the South Meadow-Bakken Pool, shall be allowed to produce at a maximum efficient rate for a period of 90 days commencing on the first day oil is produced through well-head equipment into tanks from the ultimate producing interval after casing has been run; after that, such wells shall be allowed to continue to produce at a maximum efficient rate if the well or operator meets or exceeds the Commission approved gas capture goals. The gas capture percentage shall be calculated by summing monthly gas sold plus monthly gas used on lease plus monthly gas processed in a Commission approved beneficial manner, divided by the total monthly volume of associated gas produced by the operator. The operator is allowed to remove the initial 14 days of flowback gas

in the total monthly volume calculation. The Commission will accept compliance with the gas capture goals by well, field, county, or statewide by operator. If such gas capture percentage is not attained at maximum efficient rate, the well(s) shall be restricted to 200 barrels of oil per day if at least 60% of the monthly volume of associated gas produced from the well is captured, otherwise oil production from such wells shall not exceed 100 barrels of oil per day.

The Commission will recognize the following as surplus gas being utilized in a beneficial manner:

- (a) Equipped with an electrical generator that consumes surplus gas from the well;
- (b) Equipped with a system that intakes the surplus gas and natural gas liquids volume from the well for beneficial consumption by means of compression to liquid for use as fuel, transport to a processing facility, production of petrochemicals or fertilizer, conversion to liquid fuels, separating and collecting the propane and heavier hydrocarbons; and
- (c) Equipped with other value-added processes as approved by the Director which reduce the volume or intensity of the flare by more than 60%.

(41) If the flaring of gas produced with crude oil from the South Meadow-Bakken Pool is determined by the North Dakota Department of Environmental Quality as causing a violation of the North Dakota Air Pollution Control Rules (NDAC Article 33.1-15), production from the pool may be further restricted.

(42) This order shall cover all of the South Meadow-Bakken Pool, common source of supply of crude oil and/or natural gas as herein defined, and continues in full force and effect until further order of the Commission or until the last well in the pool has been plugged and abandoned.

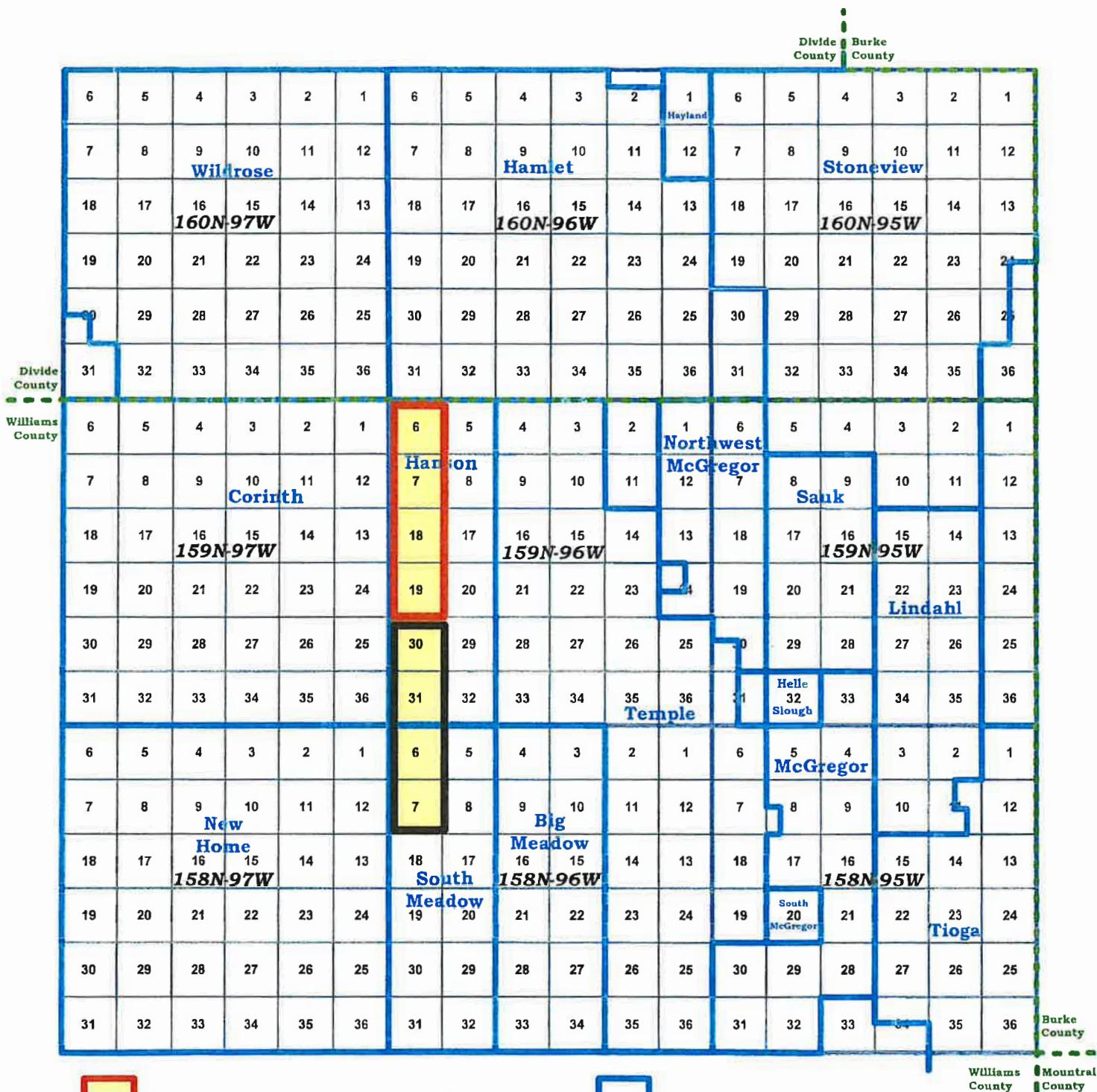
Dated this 25th day of November, 2025.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ Kelly Armstrong, Governor

/s/ Drew H. Wrigley, Attorney General

/s/ Doug Goehring, Agriculture Commissioner



DATE 10/23/25 CASE NO. 32171
 Introduced By Continental
 Exhibit L-1
 Identified By Callaway

Continental
 RESOURCES
 Case No. 32171
 Exhibit L-1

PROPOSED DIRECTIONAL WELL PLOT

2560-Acre Spacing Unit

Sections 30 & 31 - Township 159N-Range 96W

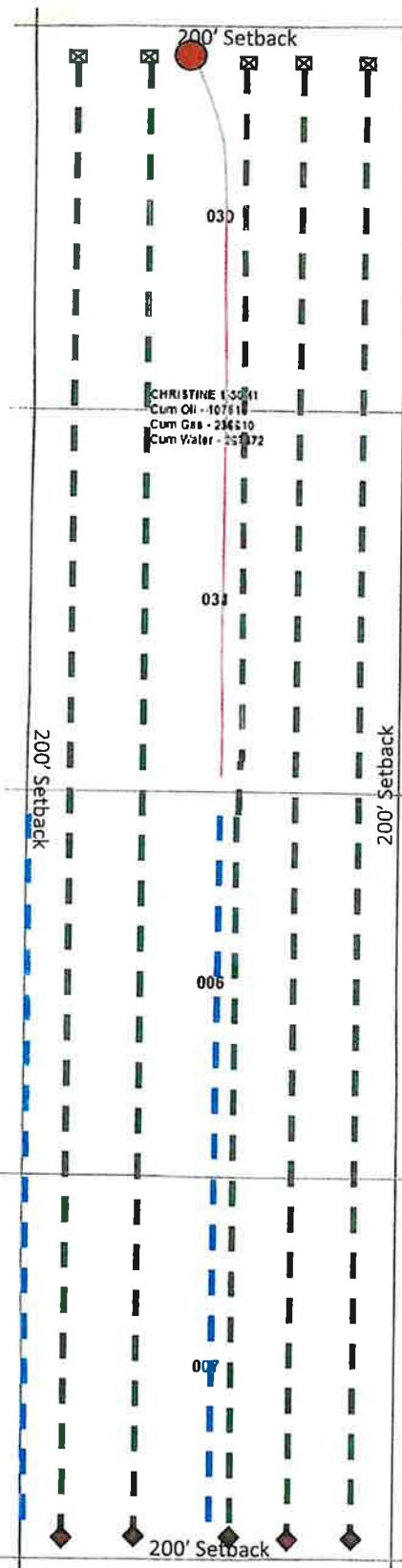
Sections 6 & 7 - Township 158N-Range 96W

Williams County

Exact Location of
Lateral Well Bore may
change based on
topographical and/or
cultural restrictions

PDP O/G/W Cum
Values Shown

Note: The B.H.L and S.H.L.
Are nonspecific, made for
field rules found on the APD
(Approved Drilling Permit)



- Future CLR Bakken Lateral
- Phoenix Permitted Bakken Lateral
- Middle Bakken Lateral
- Three Forks Lateral
- Potential Surface Location
- 7" Casing Point
- ◆ Bottom Hole Location
- Section Line

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 10/23/25 CASE NO. 32171
Introduced By Continental
Exhibit E-2
Identified By George


Continental
RESOURCES
Exhibit E-2
Case #32171

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 32171
(CONTINUED)
ORDER NO. 34860

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
CONTINENTAL RESOURCES, INC. FOR AN
ORDER FOR THE HANSON-BAKKEN POOL
AND/OR SOUTH MEADOW-BAKKEN
POOL, WILLIAMS COUNTY, ND, TO
CREATE AND ESTABLISH TWO
OVERLAPPING 2560-ACRE SPACING
UNITS COMPRISED OF SECTIONS 6, 7, 18
AND 19, T.159N., R.96W.; AND SECTIONS 30
AND 31, T.159N., R.96W. AND SECTIONS 6
AND 7, T.158N., R.96W., AUTHORIZING
THE DRILLING OF A TOTAL NOT TO
EXCEED FIVE WELLS ON EACH
PROPOSED OVERLAPPING 2560-ACRE
SPACING UNIT, AND SUCH FURTHER
RELIEF AS APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

- (1) This cause originally came on for hearing at 9:00 a.m. on the 26th day of September, 2025. Counsel for Continental Resources, Inc. (Continental) filed a motion on September 23, 2025 to continue this case to the regularly scheduled hearing in October 2025. There were no objections, the hearing examiner granted the request, and this case was scheduled for hearing on October 23, 2025.
- (2) Continental made application to the Commission for an order for the Hanson and/or South Meadow-Bakken Pool to create and establish two overlapping 2560-acre spacing units comprised of Sections 6, 7, 18, and 19, Township 159 North, Range 96 West (Sections 6, 7, 18, and 19); and Sections 30 and 31, Township 159 North, Range 96 West (Sections 30 and 31) and Sections 6 and 7, Township 158 North, Range 96 West (Sections 6-158-96 and 7-158-96), Williams County, North Dakota, authorizing the drilling of a total not to exceed five wells on each proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.
- (3) Case Nos. 32171 and 32279 were combined for hearing purposes.

(4) Case No. 32279 is an application by Phoenix Operating LLC (Phoenix) for an order amending the applicable orders for South Meadow-Bakken Pool to authorize up to four wells to be drilled on a previously established 1280-acre spacing unit described as Sections 6-158-96 and 7-158-96, or granting such other relief as may be appropriate.

(5) The witnesses for Continental provided telecommunication testimony in these matters pursuant to North Dakota Administrative Code Section 43-02-03-88.2. Telecommunication Affidavits were received on October 27, 2025; therefore, such testimony may be considered evidence.

(6) Order No. 22392 entered in Case No. 20087, the most recent spacing order for the Hanson-Bakken Pool, established proper spacing for its development at up to seven horizontal wells per 1280 acres.

(7) Order No. 23786 entered in Case No. 21444, the most recent spacing order for the South Meadow-Bakken Pool, established proper spacing for the development of Zone I at one horizontal well per 1280 acres, Zone II at up to two horizontal wells per 1280 acres, and Zone III at up to six horizontal wells per 1280 acres.

(8) Sections 6 and 7; Sections 18 and 19; and Sections 30 and 31 are currently standup 1280-acre spacing units in the Hanson-Bakken Pool. There is one horizontal well completed in each said spacing unit.

The Continental #1-7H Salveson well (File No. 19439) is a horizontal well completed in the middle member of the Bakken Formation in the standup 1280-acre spacing unit described as Sections 6 and 7 from a surface location 375 feet from the south line and 1,980 feet from the east line of Section 7 to a bottom hole location approximately 231 feet from the north line and 1,974 feet from the east line of Section 6, drilled in the approximate 1,970 feet from east boundary slot. The Salveson #1-7H well has produced 133,358 barrels of oil, 234,986 barrels of water, and 271,366 thousand cubic feet (MCF) of gas from its completion on December 26, 2010 through September 2025.

The Continental #1-19H Magnuson well (File No. 19796) is a horizontal well completed in the middle member of the Bakken Formation in the standup 1280-acre spacing unit described as Sections 18 and 19 from a surface location 225 feet from the south line and 1,980 feet from the west line of Section 19 to a bottom hole location approximately 231 feet from the north line and 1,984 feet from the west line of Section 18, drilled in the approximate 1,990 feet from west boundary slot. The Magnuson #1-19H well has produced 152,168 barrels of oil, 191,071 barrels of water, and 317,146 MCF of gas from its completion on July 12, 2012 through September 2025.

The Continental #1-30 H1 Christine well (File No. 25746) is a horizontal well completed in the first bench in the Three Forks Formation in the standup 1280-acre spacing unit described as Sections 30 and 31 from a surface location 395 feet from the north line and 2,205 feet from the west line of Section 30 to a bottom hole location approximately 233 feet from the south line and 2,540 feet from the east line of Section 31, drilled in the approximate 2,540 feet from east boundary

slot. The Christine #1-30 1H well has produced 107,522 barrels of oil, 267,475 barrels of water, and 236,629 MCF of gas from its completion on August 20, 2013 through September 2025.

(9) Sections 6-158-96 and 7-158-96 are currently a standup 1280-acre spacing unit in Zone I in the South Meadow-Bakken Pool. There is one horizontal well permitted in said spacing unit but that permit was suspended on October 23, 2025 pending the outcome in these matters.

The Phoenix #3HF Lord 7-6 well (File No. 42391) is a horizontal well permitted in the middle member of the Bakken Formation in said spacing unit from a surface location 360 feet from the south line and 851 feet from the west line of Section 7-158-96 to a bottom hole location 191 feet from the north line and 2,110 feet from the west line of Section 6-158-96, drilled in the 2,110 feet from west boundary slot.

(10) Sections 6-158-96* and 7-158-96* and Sections 1 and 12, Township 158 North, Range 97 West, Williams County, North Dakota, are currently a lease-line 2560-acre spacing unit in Zone III in the New Home-Bakken Pool, that allows one lease-line horizontal well on a north-south orientation.

*Sections 6-158-96 and 7-158-96 are within the South Meadow Field.

(11) Continental's idealized development plan for the standup 2560-acre spacing unit described as Sections 6, 7, 18, and 19 is to drill five horizontal wells in the middle member of the Bakken Formation parallel to the long axis in the approximate 660 feet and 1,500 feet from west boundary slots, the approximate 550 feet and 1,500 feet from east boundary slots, and in the approximate 2,640 feet from east boundary slot across Sections 18 and 19 and then jogging over to the approximate 2,400 feet from west boundary slot across Sections 6 and 7. Continental plans to drill these horizontal wells from the Magnuson #1-19H well pad in the SE/4 SW/4 of Section 19.

Continental's idealized development plan for the standup 2560-acre spacing unit described as Sections 30, 31, 6-158-96, and 7-158-96 is to drill five horizontal wells in the middle member of the Bakken Formation parallel to the long axis in the approximate 550 feet and 1,600 feet from west boundary slots and the approximate 550 feet, 1,450 feet, and 2,250 feet from east boundary slots. Continental plans to drill these horizontal wells from the Christine #1-30 1H well pad in the NE/4 NW/4 of Section 30.

Utilization of horizontal drilling technology as proposed would result in the wells being completed at a location or locations not in compliance with current applicable spacing orders for the Hanson or South Meadow-Bakken Pool.

(12) Phoenix's idealized development plan for the standup 1280-acre spacing unit described as Sections 6-158-96 and 7-158-96 is to drill four horizontal wells in the middle member of the Bakken Formation approximately 1,056 feet apart parallel to the long axis. Phoenix plans to drill these horizontal wells from a common pad near the midpoint of the south line of Section 7-158-96. Utilization of horizontal drilling technology as proposed would result in the wells being completed

at a location or locations not in compliance with current applicable spacing orders for the South Meadow-Bakken Pool. The horizontal well designs proposed may be preliminary and could be changed for various reasons which is permissible as long as the horizontal well design still justifies the spacing unit.

(13) Phoenix does not object to the establishment of Sections 6, 7, 18, and 19 as a standup 2560-acre spacing unit but does object to the establishment of Sections 30, 31, 6-158-96, and 7-158-96 as a standup 2560-acre spacing unit since this would preclude it from its planned development of the standup 1280-acre spacing unit described as Sections 6-158-96 and 7-158-96.

(14) Phoenix testified it has been planning to develop Sections 6-158-96 and 7-158-96 as a standup 1280-acre spacing unit for more than a year; it has gas and electrical connections nearby investing over \$300,000 for the electrical connection and it intends to install a saltwater disposal well on the common pad near the midpoint of the south line of Section 7-158-96. Phoenix testified it is ready to build the pad now and begin development in December 2025, arguing Continental needs to obtain a federal permit to drill as the lessee of an undivided mineral tract in Section 6-158-96 that is 50% federal while it does not since it is not the federal leaseholder and is entitled to drill under the fee portion of said lease without obtaining a federal permit to drill. Continental disagrees with Phoenix's assessment arguing Phoenix would also need to obtain a federal permit to drill.

(15) Phoenix owns or controls approximately 42.01% of the leasehold estate in the standup 1280-acre spacing unit described as Sections 6-158-96 and 7-158-96 while Continental owns or controls approximately 6.79% pursuant to the aforementioned federal lease.

Continental owns 44.59% of the leasehold estate in the proposed standup 2560-acre spacing unit described as Sections 30, 31, 6-158-96, and 7-158-96, Hess Bakken Investments II, LLC (Hess) owns 3.91%, Huntsman Energy, LP (Huntsman) owns 2.14%, and Northern Oil and Gas, Inc. (Northern) owns 0.89%. Hess, Huntsman, and Northern support establishment of the aforementioned standup 2560-acre spacing unit and Continental and its supporters own 51.53% of the leasehold estate. All of Continental's, Hess', Huntsman's, and Northern's ownership is in Sections 30 and 31; they have no interest in Sections 6-158-96 and 7-158-96.

(16) Continental argues the general future development in this area by various operators, including Phoenix, is with three and four-mile horizontal wells in standup 1920 and 2560-acre spacing units, and if its application is denied, it cannot drill four-mile horizontal wells in Sections 6, 7, 18, 19, 30, and 31 without stranding a Continental operated standup 1280-acre spacing unit. Continental testified 1280-acre spacing unit well economics are challenging and uneconomic in this area and operators have made the transition to three and four-mile horizontal wells to improve economics through operational efficiencies and consolidation; this is a much more economic method to develop economically challenged rock and results in less surface disturbance and infrastructure. Continental testified two and three-mile horizontal wells are economic in the core of the Williston Basin but acknowledged under cross examination that Phoenix has drilled ten two-mile horizontal wells in this area during the last few months.

(17) Continental testified in the northern Williston Basin two-mile horizontal well economics are borderline to uneconomic but three and four-mile horizontal well economics are prolific; the cost per foot is driven down the longer the horizontal lateral representing capital efficiency gained and economics are improved for every incremental mile drilled.

(18) Both Phoenix and Continental agree that in general three-mile horizontal well economics are better than two-mile horizontal well economics and four-mile horizontal well economics are better than two and three-mile horizontal well economics although that is not true in this case and Phoenix argues the time value of money must be taken into account; it is prepared to develop the standup 1280-acre spacing unit described as Sections 6-158-96 and 7-158-96 now while Continental's timeline is unknown so it may be better to proceed with two-mile horizontal well development now when the time value of money is considered.

(19) Phoenix testified it possibly has drilled the most four-mile horizontal wells in the Williston Basin but is willing to develop with two, three, or four-mile horizontal wells where it finds the opportunities to develop acreage that meets its economic parameters.

(20) Phoenix argues Continental can develop Sections 6, 7, 18, 19, 30, and 31 with three-mile horizontal wells in two standup 1920-acre spacing units; three-mile horizontal wells are economic and Continental has a minimal working interest in the standup 1280-acre spacing unit described as Sections 6-158-96 and 7-158-96.

(21) Continental acknowledged under cross examination that it is technically possible to develop Sections 6, 7, 18, 19, 30, and 31 with three-mile horizontal wells in two standup 1920-acre spacing units but testified that is not the most economic development for the acreage, and further acknowledged it operates two standup 1920-acre spacing units to the west described as Sections 4, 9, and 16; and Sections 21, 28, and 33, Township 159 North, Range 97 West, Williams County, North Dakota. The Commission notes Continental has drilled one three-mile horizontal well in the standup 1920-acre spacing unit described as said Sections 4, 9, and 16.

(22) Phoenix estimates each of its proposed horizontal wells will cost \$6,300,000 to drill and complete, have a net present value discounted at 10% of \$2,900,000, and have an internal rate of return of 37%. Phoenix testified these estimates are based upon five recently drilled and completed two-mile horizontal wells in Sections 28 and 33, Township 158 North, Range 96 West, Williams County, North Dakota, that have been on production approximately 150 days. Phoenix believes this area economically supports two-mile horizontal wells.

Continental estimates each of its proposed horizontal wells will cost \$14,400,000 to drill and complete, have a net present value discounted at 10% of \$2,448,000, and have an internal rate of return of 26%.

(23) Continental estimates the capital expenditure for a two-mile horizontal well is \$858 per completed lateral foot, a three-mile horizontal well is \$773, and a four-mile horizontal well is \$722. Phoenix's capital expenditure for a two-mile horizontal well in this area is \$630 per completed lateral foot.

(24) Continental estimates each of its proposed four-mile horizontal wells will recover 778,000 barrels of oil (194,500 barrels per mile) while Phoenix estimates each of its proposed two-mile horizontal wells will recover 430,000 barrels of oil (215,000 barrels per mile).

(25) The Commission understands three and four-mile horizontal wells are necessary in certain areas for capital efficiency in the current oil price environment; however, when an operator is willing to drill two-mile horizontal wells with sufficient economics, and in this case superior economics, that results in increased oil recovery, the Commission believes this better prevents waste and better protects correlative rights.

(26) Phoenix's application in Case No. 32279 should be approved and Continental's application in Case No. 32171 should be denied.

IT IS THEREFORE ORDERED:

(1) This application is hereby denied.

Dated this 25th day of November, 2025.

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA

/s/ Kelly Armstrong, Governor

/s/ Drew H. Wrigley, Attorney General

/s/ Doug Goehring, Agriculture Commissioner



Case Nos. 32171 & 32279 - Petition for Reconsideration

From Hughes, Bethany <BHughes@fredlaw.com>

Date Wed 12/10/2025 2:19 PM

To Anderson, Nathan D. <ndanderson@nd.gov>

Cc Case Applications <caseapps@nd.gov>; mprestri@blm.gov <mprestri@blm.gov>; S. Thomas Throne <tthrone@thronelaw.com>; Bender, Lawrence <LBender@fredlaw.com>

1 attachment (2 MB)

CRI - Case Nos. 32171, 32279 - Petition for Reconsideration-c.pdf;

***** CAUTION: This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *****

Good Afternoon,

Attached please find the following documents for filing in the above referenced cases:

- Cover letter to Director Anderson
- Continental Resources, Inc.'s Petition for Reconsideration
- Declaration of Matthew Callway with Exhibits 1 and 2
- Declaration of Elizabeth George

Thanks,

Bethany Hughes

Paralegal

Fredrikson & Byron, P.A. / 304 East Front Ave, Suite 400 / Bismarck, ND 58504-5639

Direct: 701-221-8641 | Main: 701.221.8700

Fredrikson

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Fredrikson & Byron, P.A.
Attorneys and Advisors

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fredlaw.com

December 10, 2025

VIA E-MAIL

North Dakota Industrial Commission
ND Department of Mineral Resources
Oil and Gas Division
Attn: Nathan Anderson, Director
600 E Boulevard Ave, Dept 474
Bismarck, ND 58505-0840
ndanderson@nd.gov

**Re: Petition for Reconsideration – NDIC
Orders Entered November 25, 2025:
Case No. 32171 & 32279**

Dear Director Anderson:

Attached for your review is Continental Resources, Inc.'s ("Continental") Petition for Reconsideration addressing two orders entered by the North Dakota Industrial Commission ("Commission") on November 25, 2025.

The Petitions are being filed to point out false cost information presented by Phoenix Operating LLC ("Phoenix") at the hearing, which misled the Commission into concluding that the economics of Phoenix's two-mile horizontal wells on 1280 acre spacing were superior to Continental's four-mile horizontal wells on overlapping 2560 acre spacing. Phoenix's hearing testimony on drilling and completion costs is directly contradicted by the cost information Phoenix provided in its post hearing well proposals for the same wells.

Because the Commission's orders relied on cost information that is inconsistent with Phoenix's hearing testimony, Continental respectfully requests that the Commission reconsider and vacate its orders, deny Phoenix's application for two mile horizontal wells, and grant Continental's application for four-mile horizontal wells.

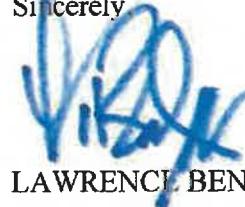
Finally, we request that Continental's Petition for Reconsideration be placed on the Commission's agenda for consideration by the Commission on December 17, 2025 meeting of the Commission.

December 10, 2025

Page 2

The attached Petition sets out the factual record and legal authorities supporting this relief. Please contact me if any additional information would be helpful.

Sincerely



LAWRENCE BENDER

LB:bh

Enclosure(s)

Cc: Bureau of Land Management (*via e-mail*)

S. Thomas Throne (*via e-mail*)

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 32171

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
CONTINENTAL RESOURCES, INC. FOR AN
ORDER FOR THE HANSON-BAKKEN POOL
AND/OR SOUTH MEADOW-BAKKEN POOL,
WILLIAMS COUNTY, ND, TO CREATE AND
ESTABLISH TWO OVERLAPPING 2560-
ACRE SPACING UNITS COMPRISED OF
SECTIONS 6, 7, 18 AND 19, T.159N., R.96W.;
AND SECTIONS 30 AND 31, T.159N., R.96W.
AND SECTIONS 6 AND 7, T.158N., R.96W.,
AUTHORIZING THE DRILLING OF A
TOTAL NOT TO EXCEED FIVE WELLS ON
EACH PROPOSED OVERLAPPING 2560-
ACRE SPACING UNIT, AND SUCH FURTHER
RELIEF AS APPROPRIATE.

CASE NO. 32279

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
PHOENIX OPERATING LLC FOR AN ORDER
AMENDING THE APPLICABLE ORDERS
FOR SOUTH MEADOW-BAKKEN POOL TO
AUTHORIZE UP TO FOUR WELLS TO BE
DRILLED ON A PREVIOUSLY
ESTABLISHED 1280-ACRE SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7, T.158N.,
R.96W., WILLIAMS COUNTY, ND, OR
GRANTING SUCH OTHER RELIEF AS MAY
BE APPROPRIATE.

CONTINENTAL RESOURCES, INC.'S PETITION FOR RECONSIDERATION

Continental Resources, Inc. ("Continental") and Phoenix Operating LLC ("Phoenix") each filed applications requesting the North Dakota Industrial Commission ("Commission") to amend existing spacing orders. The Commission recently issued an order denying Continental's

application and granting Phoenix's application in the above-referenced cases. This petition for reconsideration is submitted because the order is based upon false testimony provided by Phoenix at the hearing in the matter, testimony that Phoenix likely knew was false at the time it was presented to the Commission. As a result of this testimony, the Commission drafted an order which is ripe for reversal on appeal.

Accordingly, the Commission faces a straightforward choice. It can correct course now by reconsidering its decision and vacating its order itself. Or it can allow the North Dakota Supreme Court to vacate the order for it, as the court has done with many other Commission orders,¹ and award Continental the costs and attorney's fees it incurs.²

FACTS

The Commission previously issued orders that created four 1280-acre spacing units, consisting of the following lands:

- Sections 6 and 7, T.159N., R.96W.
- Sections 18 and 19, T.159N., R.96W.
- Sections 30 and 31, T.159N., R.96W.
- Sections 6 and 7, T.158N., R.96W.

¹ *Equinor Energy, LP v. North Dakota Indus. Comm'n*, 2025 ND 126, 23 N.W.3d 759 (reversing Commission order); *Gadeco, LLC v. Industrial Comm'n of State*, 2012 ND 33, 812 N.W.2d 405 (same); *Imperial Oil of N. Dakota, Inc. v. Industrial Comm'n of State*, 406 N.W.2d 700 (N.D. 1987) (same); *Hystad v. Industrial Comm'n*, 389 N.W.2d 590 (N.D. 1986) (same); see also *Liberty Petroleum Corp. v. North Dakota Indus. Comm'n*, 2024 ND 183, 11 N.W.3d 851 (rejecting Commission's interpretation of statute); *Black Hills Trucking, Inc. v. North Dakota Indus. Comm'n*, 2017 ND 284, 904 N.W.2d 326 (Crothers, J., dissenting) (same).

² N.D.C.C. § 28-32-50(1) ("[T]he court must award the party not an administrative agency reasonable attorney's fees and costs if the court finds in favor of that party and ... determines that the administrative agency acted without substantial justification.").

NDIC Order No. 35034 ¶¶ 6-10. The orders authorized one well to be drilled on the unit consisting of Sections 6 and 7, T.158N., R.96W. *Id.* at ¶¶ 6, 8. That unit contains minerals owned by the United States. *See id.* at ¶ 14.

Continental filed an application requesting the Commission to amend its prior orders to create two overlapping 2560-acre spacing units—one unit consisting of Sections 6, 7, 18, and 19, T.159N., R.96W., and one unit consisting of Sections 30 and 31, T.159N., R.96W., and Sections 6 and 7, T.158N., R.96W.—and allowing five wells to be drilled on each unit. *Id.* at ¶ 4. By contrast, Phoenix filed an application requesting the Commission to amend its prior orders to allow three more wells to be drilled on the existing 1280-acre spacing unit consisting of Sections 6 and 7, T.158N., R.96W. *Id.* at ¶ 2.

The Commission held a hearing at which Continental's witnesses testified that it would cost \$14,400,000 to drill each of its proposed four-mile wells, while Phoenix's witness testified that it would cost \$6,300,000 to drill each of its proposed two-miles wells. *Id.* at ¶ 22. These two estimates were used to calculate the following economic data that the parties presented at the hearing:

	Continental's Wells	Phoenix's Wells
Capital Expenditure Per Lateral Foot	\$722	\$630
Net Present Value	\$2,448,000	\$2,900,000
Internal Rate of Return	26%	37%

Id. at ¶¶ 22-23. Continental's witnesses also testified that each of its four-mile wells would recover 778,000 barrels of oil (194,000 barrels per mile of lateral), while Phoenix's witness testified that

each of its two-mile wells would recover 430,000 barrels of oil (215,000 barrels per mile of lateral).

Id. at ¶ 24.

Three days after the hearing, Phoenix sent Continental invitations to participate in the four wells that Phoenix proposed to drill if the Commission granted its application. *See Decl. Matthew Callaway Ex. 1.* The invitations estimated that it would cost \$8,407,200 to drill each well, which is 33% higher than the \$6,300,000 estimate that Phoenix's witnesses provided at the hearing. *Id.*

One month after the hearing, the Commission issued an order denying Continental's application and granting Phoenix's application. NDIC Order No. 35034 ¶ 26. The Commission provided the following explanation for its decision:

The Commission understands three and four-mile horizontal wells are necessary in certain areas for capital efficiency in the current oil price environment; however, when an operator is willing to drill two-mile horizontal wells with sufficient economics, and in this case superior economics that results in increased oil recovery, the Commission believes this better prevents waste and better protects correlative rights.

Id. at ¶ 25.

If Phoenix's activities are successful, greater ultimate recovery of oil and gas from the pool will be achieved which will prevent waste and the drilling of unnecessary wells in a manner which will not have a detrimental effect on correlative rights.

Id. at ¶ 30.

One week later, Continental and the United States—through the Bureau of Land Management (“BLM”)—entered into a communitization agreement (“CA”). *See Decl. Matthew Callaway Ex. 2.* The CA covers the spacing unit on which Phoenix proposes to drill its wells, states that “[a]ll matters of operation shall be governed by the operator,” and designates Continental as the operator. In other words, the CA declares that Continental shall govern all operations within the unit.

LEGAL STANDARD

A party who is aggrieved by a final order of an administrative agency “may file a petition for reconsideration.” N.D.C.C. § 28-32-40(1). The agency “may grant the petition on such terms as it may prescribe.” N.D.C.C. § 28-32-40(4). If the agency does grant the petition, it “may dissolve or amend [its] final order.” *Id.*

ARGUMENT

The Commission may amend a prior spacing order only if it finds that it is necessary “for the prevention of waste, or to avoid the drilling of unnecessary wells, or to protect correlative rights.” N.D.C.C. § 38-08-07(4); *see also Hystad*, 389 N.W.2d at 593. If the Commission does amend an order based on one or more of these findings, then the findings must be supported by the law and substantial and credible evidence or else the amendment will be reversed by a court on appeal. *See* N.D.C.C. § 38-08-14(3).

Here, Continental’s application asked the Commission to amend its prior spacing orders to create two overlapping 2560-acre spacing units and to allow Continental to drill five wells on each unit. By contrast, Phoenix’s application asked the Commission to amend the orders to allow Phoenix to drill four wells on an existing 1280-acre spacing unit.

The Commission concluded that granting Phoenix’s application would better prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights than granting Continental’s application would. These conclusions were based entirely on two factual findings. First, Phoenix’s proposed wells will be more economic than Continental’s. Second, Phoenix’s proposed wells will result in greater ultimate recovery. *See* NDIC Order No. 35034 ¶¶ 25, 30. Even if the foregoing conclusions were accurate, Phoenix is prohibited from operating or drilling any

wells on the subject spacing unit because the BLM has recognized Continental as the operator under the CA.

The factual findings made by the Commission were based, in whole or in part, on false testimony presented by Phoenix at the hearing on this matter or are otherwise not supported by applicable law. Accordingly, for the reasons set forth herein, the Commission must vacate Order No. 35034 and issue a new order granting the application submitted by Continental in this matter.

I. Phoenix cannot drill its proposed wells because it cannot be the operator of the spacing unit on which the wells would be drilled.

At the hearing, Phoenix's witnesses testified that it would not need to obtain a permit to drill from BLM before drilling its proposed wells—unlike Continental. But Continental's post-hearing brief, which was supported by case law from the United States Court of Appeals for the Tenth Circuit (Wyoming), showed that Phoenix's assertion was flatly wrong as a matter of federal mineral law. *See* Continental's Resp. Phoenix's Suppl. Ex. 2-4; *see also* 43 C.F.R. § 3162.3-1; *True Oil, LLC v. Bureau of Land Mgmt.*, 154 F.4th 1236 (10th Cir. 2025).

Since Continental submitted its post-hearing brief, new and material evidence has become available that undermines the factual and legal assertions advanced by Phoenix even further. Specifically, BLM has approved the CA, which covers the spacing unit on which Phoenix intends to drill its proposed wells. The CA designates Continental as the operator of the communitized lands within that 1280-acre unit and states that “[a]ll matters of operation shall be governed by the operator.” Decl. Matthew Callaway Ex. 2.

This new federal action bears directly on the issues before the Commission for two reasons. First, it further confirms that Phoenix's claim that it could drill its proposed wells was not only legally incorrect, but directly contradicted by controlling authority. BLM's approval of the CA now independently reinforces that conclusion. The United States—the mineral owner for a portion

of the lands at issue—has formally recognized Continental as the operator of the communitized tract. Because it is not and cannot be the operator, no credible argument remains that Phoenix may drill or operate its proposed wells.

Second, at an absolute minimum, BLM's decision creates a live operatorship dispute between Phoenix and Continental. That dispute goes to the core of who is authorized to operate within the 1280-acre spacing unit. The existence of such a dispute precludes Phoenix from proceeding with its proposed development. Phoenix cannot drill the suspended well previously permitted, nor can it pursue the three additional wells for which it has not yet received permits from the Commission, until operatorship is resolved by BLM. Allowing Phoenix to proceed notwithstanding this unresolved operatorship conflict would risk violating federal law, interfering with federal mineral interests, and undermining the Commission's own obligations to prevent waste and protect correlative rights.

Accordingly, Continental respectfully submits that this newly discovered evidence constitutes an independent basis for granting reconsideration. At a minimum, the Commission should stay these proceedings pending resolution by BLM of the operatorship dispute between Continental and Phoenix. Proceeding in the face of this unresolved federal operatorship determination would be inconsistent with sound regulatory practice and contrary to the Commission's statutory duties.

II. Phoenix's wells are not more economic and they will not result in greater recovery of oil than Continental's wells.

The Commission's decision to grant Phoenix's application and deny Continental's application was based entirely on two factual findings. First, Phoenix's proposed wells will be more economic than Continental's. Second, Phoenix's proposed wells will result in greater

ultimate recovery. Both findings are incorrect and based on false testimony provided by Phoenix at the hearing on this matter.

A. Continental's wells are more economic than Phoenix's wells.

The Commission found that Phoenix's proposed wells had "superior economics" than Continental's proposed wells. NDIC Order No. 35034 ¶ 25. But that is only because Phoenix's witnesses presented false evidence at the hearing.

At the hearing, Continental's witnesses testified that it would cost \$14,400,000 to drill each of its proposed wells, while Phoenix's witness testified that it would cost \$6,300,000 to drill each of its proposed wells. *Id.* at ¶ 22. These two estimates were used to calculate the following economic data that the parties presented at the hearing and the Commission noted in its order:

	Continental's Wells	Phoenix's Wells
Capital Expenditure Per Lateral Foot	\$722	\$630
Net Present Value	\$2,448,000	\$2,900,000
Internal Rate of Return	26%	37%

Id. at ¶¶ 22-23. This data was what led the Commission to find that Phoenix's wells had "superior economics." *Id.* at ¶ 25.

After the hearing, Phoenix sent Continental invitations to participate in its proposed wells. *See* Decl. Matthew Callaway Ex. 1. The invitations contained Phoenix's actual estimate as to how much it would cost to drill each of its wells. That estimate was \$8,407,200, which is 33% higher than the estimate Phoenix's witnesses presented at the hearing. *See* Decl. Elizabeth George, ¶ 2. Using the actual estimated cost to drill each of Phoenix's wells results in the following economic data:

	Continental's Wells	Phoenix's Wells
Capital Expenditure Per Lateral Foot	\$722	\$840
Net Present Value	\$2,448,000	\$760,000
Internal Rate of Return	26%	15%

Id. at ¶ 3. Accordingly, the Commission must disregard the false testimony presented by Phoenix at the hearing and consider the actual costs submitted by Phoenix to Continental when comparing the economics for Phoenix's wells against the economic of Continental's wells. Clearly, Continental's wells have superior economics after taking into account the 33% increase to the cost of drilling the Phoenix wells.

B. Continental's proposed wells will result in greater ultimate recovery of oil than Phoenix's proposed wells.

The Commission also found that Phoenix's proposed wells would result in greater ultimate recovery of oil. *See* NDIC Order No. 35034 ¶ 25. This finding is erroneous as well.

The Commission acknowledged in its order that Continental proposes to drill 10 wells—five on each proposed 2560-acre spacing unit—each of which “will recover 778,000 barrels of oil (194,000 barrels per mile),” for a total of 7,780,000 barrels of oil. *Id.* at ¶ 24. One quarter of that amount (1,945,000 barrels) will be recovered from Sections 6 and 7, T.158N., R.96W.

Phoenix, by contrast, proposes to drill only four wells, each of which “will recover 430,000 barrels of oil (215,000 barrels per mile),” for a total of 1,720,000, all of it from Sections 6 and 7, T.158N., R.96W. *Id.*

Consequently, Continental's wells will recover 452% more total barrels of oil (7,780,000 barrels versus 1,720,000 barrels), and 13% more oil from Sections 6 and 7, T.158N., R.96W.

(1,945,000 barrels versus 1,720,000 barrels). *See* Decl. Elizabeth George, ¶ 4. Thus, whether judged by total recovery or recovery from just Sections 6 and 7, T.158N., R.96W., Continental’s proposed wells will result in greater ultimate recovery.

III. The Commission’s conclusions that granting Phoenix’s application will prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights is not supported by the law.

Even if Phoenix’s wells truly were more economic and would result in greater ultimate recovery than Continental’s wells, it would not matter. A court would still reverse the Commission’s order because the Commission’s conclusions that Phoenix’s wells will prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights are not supported by the law.

A. The Commission’s conclusion that granting Phoenix’s wells will prevent waste is not supported by the law.

The Commission concluded that granting Phoenix’s application would “prevent waste” because Phoenix’s additional wells might result in “greater ultimate recovery of oil.” NDIC Order No. 35034 ¶ 30. The Commission further concluded that Phoenix’s wells would prevent “economic waste.” *Id.* at ¶ 27.

A reviewing court would conclude that Phoenix’s wells increasing oil recovery does *not* constitute preventing waste. Section 38-08-07, N.D.C.C., contains the term “effect greater ultimate recovery,” as well as the term “prevention of waste.” The North Dakota Legislature “used two terms because it intended each term to have a particular, nonsuperfluous meaning.” *Bailey v. United States*, 516 U.S. 137, 146 (1995). If effecting greater ultimate recovery constituted preventing waste, then the term “effect greater ultimate recovery” would be superfluous and the Legislature including it in the statute would have been an idle act. Thus, Phoenix’s wells effecting greater ultimate recovery does not constitute preventing waste.

A reviewing court would also conclude that Phoenix's wells preventing "economic waste" does not constitute preventing waste. "Waste" is defined by statute as follows:

- a. Physical waste, as that term is generally understood in the oil and gas industry.
- b. The inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy.
- c. The locating, spacing, drilling, equipping, operating, or producing of any oil or gas well or wells in a manner which causes, or tends to cause, reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations, or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas.
- d. The inefficient storing of oil.
- e. The production of oil or gas in excess of transportation or marketing facilities or in excess of reasonable market demand.

N.D.C.C. § 38-08-02(19).

Had the Legislature intended for economic waste to be considered waste, it would have included economic waste in the statutory definition of waste like other state legislatures. *See, e.g., Okla. Stat. tit. 52, § 86.2(A)* ("The term 'waste' ... shall include economic waste ..."). The fact that it did not do so means that it "did not want economic matters considered." *Larsen v. Oil & Gas Conservation Comm'n*, 569 P.2d 87, 93 (Wyo. 1977).³

B. The Commission's conclusion that granting Phoenix's application will avoid the drilling of unnecessary wells is not supported by the law.

The Commission also concluded that granting Phoenix's application and allowing Phoenix to drill *more* wells would "prevent ... the drilling of unnecessary wells" because it might result in "greater ultimate recovery of oil." NDIC Order No. 35034 ¶ 30.

³ North Dakota and Wyoming have the same statutory definition of waste. *Compare* N.D.C.C. § 38-08-02(19), with Wyo. Stat. § 30-5-101(a)(i).

Setting aside the fact that it is literally impossible to prevent the drilling of wells by allowing *more* wells to be drilled, a reviewing court would conclude that Phoenix's wells resulting in greater ultimate recovery of oil does not constitute avoiding the drilling of unnecessary wells. Again, N.D.C.C. § 38-08-07 contains the term "effect greater ultimate recovery," as well as the term "avoid the drilling of unnecessary wells." The Legislature "used two terms because it intended each term to have a particular, nonsuperfluous meaning." *Bailey*, 516 U.S. at 146. If effecting greater ultimate recovery constituted avoiding the drilling of unnecessary wells, then the term "effect greater ultimate recovery" would be superfluous and the Legislature including it in the statute would have been an idle act. Thus, effecting greater ultimate recovery does not constitute avoiding the drilling of unnecessary wells.

C. The Commission's conclusion that granting Phoenix's application will protect correlative rights is not supported by the law.

Finally, the Commission concluded that granting Phoenix's application would protect correlative rights because Phoenix's additional wells might result in "greater ultimate recovery of oil." NDIC Order No. 35034 ¶ 30.⁴

A reviewing court would conclude that Phoenix's wells resulting in greater ultimate recovery does not constitute protecting correlative rights. Again, N.D.C.C. § 38-08-07 contains the term "effect greater ultimate recovery," as well as the term "protect correlative rights." The Legislature "used two terms because it intended each term to have a particular, nonsuperfluous meaning." *Bailey*, 516 U.S. at 146. If effecting greater ultimate recovery constituted protecting

⁴ Technically speaking, the Commission did not even conclude that granting Phoenix's application would protect correlative rights. All it found was that granting Phoenix's application would "not have a determinantal effect on correlative rights." NDIC Order No. 35034 ¶ 30. There is a big difference between something affirmatively protecting correlative rights and something merely not having a detrimental effect on correlative rights.

correlative rights, then the term “effect greater ultimate recovery” would be superfluous. Thus, effecting greater ultimate recovery does not constitute protecting correlative rights.

“Correlative rights” are defined as “the opportunity afforded … to the owner of each property in a pool to produce without waste his just and equitable share of the oil … in the pool; being an amount, so far as can be practically determined, and so far as can practicably be obtained without waste, substantially in the proportion that the quantity of recoverable oil … under such property bears to the total recoverable oil … in the pool.” *Hystad*, 389 N.W.2d at 595–96.

“[T]he extent of the correlative rights must be determined before the commission can act to protect them.” *Id.* at 596. And four pieces of information are necessary to determine the extent of correlative rights: “(1) the amount of recoverable oil in the pool; (2) the amount of recoverable oil under the various tracts; (3) the proportion that # 1 bears to # 2; and (4) the amount of oil that can be recovered without waste.” *Id.* “Without such findings, a reviewing court … cannot determine whether correlative rights are being protected.” *Id.*

Here, the Commission did not make these four findings and therefore a reviewing court would not be able to determine whether correlative rights are being protected by granting Phoenix’s application.

CONCLUSION

For the foregoing reasons, the Commission should grant Continental’s petition for reconsideration, vacate Order No. 35034, and issue a new order granting Continental’s application and denying Phoenix’s application.

DATED this 10th day of December, 2025.

FREDRIKSON & BYRON, P.A.

By 

Lawrence Bender, ND Bar #03908
304 East Front Avenue, Suite 400
Bismarck, ND 58504-5639
(701) 221-8700
lbender@fredlaw.com

Attorney for Continental Resources, Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 10th day of December, 2025, a true and correct copy of the foregoing document was forwarded via electronic mail to the following:

S. Thomas Throne
tthrone@thronelaw.com



LAWRENCE BENDER

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

CASE NO. 32171

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
CONTINENTAL RESOURCES, INC. FOR AN
ORDER FOR THE HANSON-BAKKEN POOL
AND/OR SOUTH MEADOW-BAKKEN POOL,
WILLIAMS COUNTY, ND, TO CREATE AND
ESTABLISH TWO OVERLAPPING 2560-
ACRE SPACING UNITS COMPRISED OF
SECTIONS 6, 7, 18 AND 19, T.159N., R.96W.;
AND SECTIONS 30 AND 31, T.159N., R.96W.
AND SECTIONS 6 AND 7, T.158N., R.96W.,
AUTHORIZING THE DRILLING OF A
TOTAL NOT TO EXCEED FIVE WELLS ON
EACH PROPOSED OVERLAPPING 2560-
ACRE SPACING UNIT, AND SUCH FURTHER
RELIEF AS APPROPRIATE.

CASE NO. 32279

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
PHOENIX OPERATING LLC FOR AN ORDER
AMENDING THE APPLICABLE ORDERS
FOR SOUTH MEADOW-BAKKEN POOL TO
AUTHORIZE UP TO FOUR WELLS TO BE
DRILLED ON A PREVIOUSLY
ESTABLISHED 1280-ACRE SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7, T.158N.,
R.96W., WILLIAMS COUNTY, ND, OR
GRANTING SUCH OTHER RELIEF AS MAY
BE APPROPRIATE.

DECLARATION OF MATTHEW CALLAWAY

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

Matthew Callaway states and alleges as follows:

1. I am an employee for Continental Resources, Inc. ("Continental"). In that capacity, I have personal knowledge of and familiarity with the facts set forth below.

2. Attached to this declaration as **Exhibit 1** is a copy of an invitation to participate that Continental received from Phoenix Operating LLC ("Phoenix") showing that Phoenix estimates it will cost \$8,407,200 to drill each of the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF, and Lord 7-6 5HF wells.

3. Attached to this declaration as **Exhibit 2** is a copy of Federal Communitization Agreement NDMT 106751914, which was recently approved by the United States Bureau of Land Management.

4. I declare under penalty of perjury that the foregoing is true and correct.

Dated this 8th day of December, 2025.

By: 
Matthew Callaway

October 28, 2025

SENT VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Continental Resources, Inc.
P. O. Box 269007
Oklahoma City, OK 73126

RECEIVED

NOV 05 2025

Re: Well Proposals for: Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF & Lord 7-6 5HF
API Nos. TBD
Drilling and Spacing Unit: T158N, R96W, Sections 6 and 7: All
Containing 1.257.67 Acres m/l
Williams County, ND

Dear Continental Resources, Inc.:

Phoenix Operating LLC, doing business as Phoenix Operating Company ("Phoenix"), hereby proposes the drilling and completion of the referenced wells ("Unit Wells"). Target formations, anticipated measured depths, anticipated true vertical depths, surface locations, and bottom hole locations can be found within the enclosed well information exhibit. Phoenix plans to commence drilling of the Unit Wells on or about December 14, 2025.

Phoenix's review of the title within the Drilling and Spacing Unit shows Continental Resources, Inc. may own an estimated working interest of 6.785511% giving you the option to participate in the drilling and completion of the Unit Wells. As a result, we have enclosed an Authority for Expenditures ("AFE") for each Unit Well for your review and consideration, which sets forth the itemized estimate of costs to drill and complete each of the Unit Wells, along with a Ballot Election. Phoenix intends the Ballot Election to cover all the interests owned by you, including any interest that may be acquired after the effective date of this proposal. Further, service of the Ballot Election and time period for response thereto, along with any election to participate responsive to this Ballot Election which is served according to law, and any designation as nonparticipating owner, shall be binding on the recipient, their heirs, devisees, administrators, grantees, transferees, successors, and assigns.

If you would like to participate in the drilling and completion of the Unit Wells, make the corresponding election(s) on the enclosed Ballot Election and sign one copy of each corresponding AFE, returning all to our office, along with a completed L.R.S. W-9, no later than thirty (30) days from your receipt of this invitation to participate.

Should Phoenix not receive your election in writing pursuant to ND Administrative Code 43-02-03-16.3 within thirty (30) days from your receipt of this invitation to participate, you will be deemed to have elected not to participate in the referenced Unit Wells.

Be advised that the participating owners in the Unit Wells intend to impose the risk penalties on the nonparticipating owners as allowed by Section 38-08-08 of the North Dakota Century Code. You may object to the risk penalties by either responding in opposition to the petition for a risk penalty filed with the North Dakota Industrial Commission ("NDIC") or, if no petition has been filed, by filing an application or a request for a hearing with the NDIC.

If you elect to participate in the referenced Unit Wells, you will be included as a party to Phoenix's well control insurance policy and billed accordingly for your proportionate share, UNLESS you elect in writing to be excluded from Phoenix's Well Control Insurance AND furnish Phoenix with an original copy of a Certificate of Well Control Insurance. Phoenix requires that you maintain Well Control Insurance if you elect to participate in the drilling, completion, and operation of the proposed Unit Wells.

Phoenix Operating LLC

4643 S Ulster Street, Suite 1510, Denver, CO 80237 855.565.4244 ownerinquiry@phoenixenergy.

EXHIBIT

1



If you elect to participate as a working interest owner and fail to pay any billed amount(s) within thirty (30) days of your receipt, you will be deemed to have elected not to participate, and your interest will be subject to the risk penalties allowed by Section 38-08-08 of the North Dakota Century Code.

Thank you for your attention to this proposal. If you have any questions regarding this proposal or the related enclosures, please contact Phoenix at (855) 565-4244 or ownerinquiry@phoenixenergy.com.

Sincerely,
Phoenix Operating LLC

Enclosures

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Phoenix Operating LLC

4643 S Ulster Street, Suite 1510, Denver, CO 80237 855.565.4244 ownerinquiry@phoenixenergy.com



PHOENIX | OPERATING COMPANY

October 28, 2025

Ballot Election

Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF & Lord 7-6 5HF Well Proposals
Drilling and Spacing Unit: T158N, R96W, Sections 6 and 7.
Williams County, ND

The undersigned hereby elects as follows as to its unleased mineral interest within the referenced Drilling and Spacing Unit ("DSU") for the drilling and completion of the below-described Unit Wells (select one option for each well):

(1) <u>Participate</u>	(2) <u>Not Participate</u>	<u>Well</u>
_____	_____	Lord 7-6 2HF
_____	_____	Lord 7-6 3HF
_____	_____	Lord 7-6 4HF
_____	_____	Lord 7-6 5HF

(1) PARTICIPATE for our estimated 6.785511% working interest in the Unit Well(s) described above. Be aware: An election to participate and failure to pay any billed amount(s) within thirty (30) days of your receipt will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

(2) NOT participate for our estimated 6.785511% working interest in the Unit Well(s) described above (subject to risk penalty under Section 38-08-08 of the North Dakota Century Code).

PHOENIX REQUIRES THAT YOU MAINTAIN WELL CONTROL INSURANCE IF YOU ELECT TO PARTICIPATE IN THE DRILLING, COMPLETION, AND OPERATION OF THE PROPOSED UNIT WELLS. IF YOU ELECT TO PARTICIPATE, YOU WILL BE INCLUDED AS A PARTY TO PHOENIX'S WELL CONTROL INSURANCE POLICY AND WILL BE BILLED ACCORDINGLY FOR YOUR PROPORTIONATE SHARE, UNLESS YOU ELECT, IN WRITING, TO BE EXCLUDED FROM PHOENIX'S WELL CONTROL INSURANCE AND FURNISH PHOENIX WITH AN ORIGINAL COPY OF A CERTIFICATE OF WELL CONTROL INSURANCE.

Signature: _____

Date: _____

Name: _____

Email: _____

Title: _____

Phone: _____

Company: _____

Phone: _____



October 28, 2025

Continental Resources, Inc.
P. O. Box 269007
Oklahoma City, OK 73126

Rc: Cash Call
Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF & Lord 7-6 5HF Well Proposals
Drilling and Spacing Unit: T158N, R96W, Sections 6 and 7.
Containing 1,257.67 Acres m/l
Williams County, ND

Dear Continental Resources, Inc.:

If you elect to participate as a working interest owner in the referenced Unit Wells, please find enclosed a cash call invoice for your estimated share of the estimated drilling and completion costs. Please make checks payable to Phoenix Operating LLC.

If you have any questions or need additional assistance, please contact our owner inquiry group at (855) 565-4244 or ownerinquiry@phoenixenergy.com.

Phoenix Operating LLC

4643 S Ulster Street, Suite 1510, Denver, CO 80237 855.565.4244 ownerinquiry@phoenixenergy.com



Cash Call

Drilling and Spacing Unit: T158N, R96W, Sections 6 and 7.
Williams County, ND

Continental Resources, Inc..

Your estimated portion of the cash call for the drilling and completion of the subject Unit Wells is:

Lord 7-6 2HF

Cost Category	AFE Amount	Your Est. Working Interest	Your Est. Net Amount
Land/Regulatory Charges	\$507,500.00	6.785511%	\$34,436.47
Drilling Charges	\$2,411,550.00	6.785511%	\$163,635.98
Completion Charges	\$2,817,000.00	6.785511%	\$191,147.83
Production Charges	\$460,000.00	6.785511%	\$31,213.35
Facility Charges	\$2,211,150.00	6.785511%	\$150,037.82
Grand Total	\$8,407,200.00	6.785511%	\$570,471.44

Lord 7-6 3HF

Cost Category	AFE Amount	Your Est. Working Interest	Your Est. Net Amount
Land/Regulatory Charges	\$507,500.00	6.785511%	\$34,436.47
Drilling Charges	\$2,411,550.00	6.785511%	\$163,635.98
Completion Charges	\$2,817,000.00	6.785511%	\$191,147.83
Production Charges	\$460,000.00	6.785511%	\$31,213.35
Facility Charges	\$2,211,150.00	6.785511%	\$150,037.82
Grand Total	\$8,407,200.00	6.785511%	\$570,471.44

Lord 7-6 4HF

Cost Category	AFE Amount	Your Est. Working Interest	Your Est. Net Amount
Land/Regulatory Charges	\$507,500.00	6.785511%	\$34,436.47
Drilling Charges	\$2,411,550.00	6.785511%	\$163,635.98
Completion Charges	\$2,817,000.00	6.785511%	\$191,147.83
Production Charges	\$460,000.00	6.785511%	\$31,213.35
Facility Charges	\$2,211,150.00	6.785511%	\$150,037.82
Grand Total	\$8,407,200.00	6.785511%	\$570,471.44

Lord 7-6 5HF

Cost Category	AFE Amount	Your Est. Working Interest	Your Est. Net Amount
Land/Regulatory Charges	\$507,500.00	6.785511%	\$34,436.47
Drilling Charges	\$2,411,550.00	6.785511%	\$163,635.98
Completion Charges	\$2,817,000.00	6.785511%	\$191,147.83
Production Charges	\$460,000.00	6.785511%	\$31,213.35
Facility Charges	\$2,211,150.00	6.785511%	\$150,037.82
Grand Total	\$8,407,200.00	6.785511%	\$570,471.44

Phoenix Operating LLC

4643 S Ulster Street, Suite 1510, Denver, CO 80237 855.565.4244 ownerinquiry@phoenixenergy.com



WELL INFORMATION EXHIBIT
Well Proposal dated October 28, 2025

Well Name	API	Target Formation	Spacing Unit	TMD	TVD	SHL	BHL
Lord 7-6 2HF	Pending	Middle Bakken	T158N-R96W-Sec 6 & 7: All	20,693'	10,156'	SW4SW4 7-158N-96W	NW4NW4 6-158N-96W
Lord 7-6 3HF	Pending	Middle Bakken	T158N-R96W-Sec 6 & 7: All	20,794'	10,146'	SW4SW4 7-158N-96W	NE4NW4 6-158N-96W
Lord 7-6 4HF	Pending	Middle Bakken	T158N-R96W-Sec 6 & 7: All	21,012'	10,129'	SW4SW4 7-158N-96W	NW4NE4 6-158N-96W
Lord 7-6 5HF	Pending	Middle Bakken	T158N-R96W-Sec 6 & 7: All	21,392'	10,109'	SW4SW4 7-158N-96W	NE4NE4 6-158N-96W



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

AFE No.	ND0206	API No.	TBD	State	ND
Well Name:	Lord 7-6 2HF	Unit Desc.	7-6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,693
Target Zone:	MIDDLE BAKKEN	BHL	NW4NW4 6-158N-96W	Est TVD(ft)	10,156
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..160	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..165	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..105	IDC Road/Location/Survey	\$ 170,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8250..220	TFC Well Connection/3P Mistrm	\$ 125,000	\$ -	\$ -	\$ -
8250..700	TFC Overhead Power	\$ 125,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 350,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 70,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 145,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..370	IDC EH&S-Safety Eqpt/Supervision	\$ -	\$ 10,000	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 40,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 75,900	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 464,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 227,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 25,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 20,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 45,000	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 40,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 305,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 480,000	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 5,000	\$ -
8110..120	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 5,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 140,000	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 50,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 1,100,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 370,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 130,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 22,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 55,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 15,000	\$ -
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 11,250
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 30,000
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,900
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 125,000
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 6,500
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 750,000
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 90,000
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 210,000
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 47,500
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 29,000
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 225,000
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 275,000
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 245,000



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250..600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 165,000	\$ -
8300..140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300..270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300..620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300..630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300..920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 507,500.00	\$ 2,411,550.00	\$ 2,817,000.00	\$ 2,211,150.00	\$ 460,000.00
Total AFE		\$ 8,407,200				

AFE No.	ND0206	API No.	TBD	State	ND
Well Name:	Lord 7-6 2HF	Unit Desc.	7-6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,693
Target Zone:	MIDDLE BAKKEN	BML	NW4NW4 6-158N-96W	Est TVD(ft)	10,156

Phoenix Operating LLC Approval

Signature: 

Date: October 28, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.
AFE COST AGREED TO AND ACCEPTED THIS 28 DAY OF October.

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

AFE No.	ND0207	API No.	TBD	State	ND
Well Name:	Lord 7-6 3HF	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,794
Target Zone:	MIDDLE BAKKEN	BHL	NE4NW4 6-158N-96W	Est TVD(ft)	10,146
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..160	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..165	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..105	IDC Road/Location/Survey	\$ 170,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8250..220	TFC Well Connection/3P Mistrm	\$ 125,000	\$ -	\$ -	\$ -
8250..700	TFC Overhead Power	\$ 125,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 350,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 70,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 145,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..370	IDC EH&S-Safety Eqpt/Supervision	\$ -	\$ 10,000	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 40,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 75,900	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 464,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 227,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 25,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 20,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 45,000	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 40,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 305,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 480,000	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 5,000	\$ -
8110..120	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 5,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 140,000	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 50,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 1,100,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 370,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 130,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 22,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 55,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 15,000	\$ -
8250..060	IFC Engineering Services	\$ -	\$ -	\$ 11,250	\$ -
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ 30,000	\$ -
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ 1,900	\$ -
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ 125,000	\$ -
8250..410	IFC Contract Services	\$ -	\$ -	\$ 6,500	\$ -
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ 750,000	\$ -
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ 90,000	\$ -
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ 210,000	\$ -
8250..180	TFC Flowlines	\$ -	\$ -	\$ 47,500	\$ -
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ 29,000	\$ -
8250..210	TFC Process Equipment	\$ -	\$ -	\$ 225,000	\$ -
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ 275,000	\$ -
8250..310	TFC Tanks	\$ -	\$ -	\$ 245,000	\$ -



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250..600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 165,000	\$ -
8300..140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300..270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300..620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300..630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300..920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 507,500.00	\$ 2,411,550.00	\$ 2,817,000.00	\$ 2,211,150.00	\$ 460,000.00
Total AFE		\$ 8,407,200				

AFE No.	ND0207	API No.	TBD	State	ND
Well Name:	Lord 7-6 3HF	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,794
Target Zone:	MIDDLE BAKKEN	BHL	NE4NW4 6-158N-96W	Est TVD(ft)	10,146

Phoenix Operating LLC Approval

Signature: 

Date: October 28, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.
AFE COST AGREED TO AND ACCEPTED THIS DAY OF October, 2025.

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

AFE No.	ND0208	API No.	TBD	State	ND
Well Name:	Lord 7-6 4HF	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,012
Target Zone:	MIDDLE BAKKEN	BHL	NW4NE4 6-158N-96W	Est TVD(ft)	10,129
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..160	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..165	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..105	IDC Road/Location/Survey	\$ 170,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8250..220	TFC Well Connection/3P Mistrm	\$ 125,000	\$ -	\$ -	\$ -
8250..700	TFC Overhead Power	\$ 125,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 350,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 70,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 145,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..370	IDC EH&S-Safety Eqpt/Supervision	\$ -	\$ 10,000	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 40,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 75,900	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 464,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 227,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 25,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 20,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 45,000	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 40,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 305,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 480,000	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 5,000	\$ -
8110..120	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 5,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 140,000	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 50,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 1,100,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 370,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 130,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 22,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 55,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 15,000	\$ -
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 11,250
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 30,000
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,900
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 125,000
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 6,500
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 750,000
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 90,000
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 210,000
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 47,500
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 29,000
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 225,000
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 275,000
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 245,000



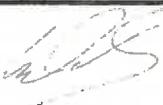
AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250..600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 165,000	\$ -
8300..140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300..270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300..620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300..630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300..920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 507,500.00	\$ 2,411,550.00	\$ 2,817,000.00	\$ 2,211,150.00	\$ 460,000.00
Total AFE		\$ 8,407,200				

AFE No.	ND0208	API No.	TBD	State	ND
Well Name:	Lord 7-6 4HF	Unit Desc.	7-6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,012
Target Zone:	MIDDLE BAKKEN	BHL	NW4NE4 6-158N-96W	Est TVD(ft)	10,129

Phoenix Operating LLC Approval

Signature: 

Date: October 28, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.
AFE COST AGREED TO AND ACCEPTED THIS 28 DAY OF October.

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

AFE No.	ND0209	API No.	TBD	State	ND
Well Name:	Lord 7-6 5HF	Unit Desc.	7-6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,392
Target Zone:	MIDDLE BAKKEN	BHL	NE4NE4 6-158N-96W	Est TVD(ft)	10,109
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..160	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..165	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..105	IDC Road/Location/Survey	\$ 170,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8250..220	TFC Well Connection/3P Mistrm	\$ 125,000	\$ -	\$ -	\$ -
8250..700	TFC Overhead Power	\$ 125,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 350,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 70,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 145,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..370	IDC EH&S-Safety Eqpt/Supervision	\$ -	\$ 10,000	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 40,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 75,900	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 464,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 227,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 25,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 20,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 45,000	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 40,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 305,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 480,000	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 5,000	\$ -
8110..120	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 5,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 140,000	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 50,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 1,100,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 370,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 130,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 22,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 55,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 15,000	\$ -
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 11,250
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 30,000
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,900
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 125,000
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 6,500
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 750,000
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 90,000
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 210,000
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 47,500
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 29,000
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 225,000
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 275,000
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 245,000



AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250..600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 165,000	\$ -
8300..140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300..270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300..620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300..630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300..920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 507,500.00	\$ 2,411,550.00	\$ 2,817,000.00	\$ 2,211,150.00	\$ 460,000.00
Total AFE		\$ 8,407,200				

AFE No.	ND0209	API No.	TBD	State	ND
Well Name:	Lord 7-6 SHF	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,392
Target Zone:	MIDDLE BAKKEN	BHL	NE4NE4 6-158N-96W	Est TVD(ft)	10,109

Phoenix Operating LLC Approval

Signature: 

Date: October 28, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.
AFE COST AGREED TO AND ACCEPTED THIS DAY OF

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____

FEDERAL COMMUNITIZATION AGREEMENT

Contract No. **NDMT 106751914**

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such Parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

T. 158N, R. 96W, 5th PM

Section 6: All

Section 7: All

Williams County, North Dakota

containing 1257.67 acres. This agreement is in conformance with the North Dakota Industrial Commission's Spacing Order No. 23786 and Pooling Order No. 22058. This agreement shall include only the South Meadow-Bakken Pool underlying said lands and the crude oil and associated natural gas, hereinafter, referred to as "communitized substances," producible from such pool. In the event the North Dakota Industrial Commission makes any further order amending Spacing Order No. 23786 and Pooling Order No. 22058, or authorizing increased density South Meadow-Bakken Pool wells within the boundary of this agreement, this agreement and the allocation of production provided herein, shall apply to all such increased density wells.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A, displaying the communitized area and Exhibit B, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same pool as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders rules or regulations.
10. The date of this agreement is **September 1, 2025**, and shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite the respective names the date of execution.

CONTINENTAL RESOURCES, INC.


Denise Percival
Manager, Williston & Powder River Basin Land

Date: 9/26/2025

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

The foregoing instrument was executed before me, a Notary Public on the 26th day of September, 2025 by Denise Percival as Manager, Williston & Powder River Basin Land for Continental Resources, Inc., who acknowledged to me that she executed the same as her free and voluntary act and deed for the uses and purpose therein set forth.



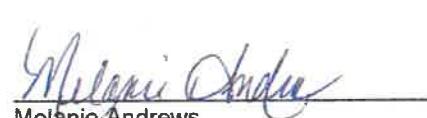

Melanie Andrews
Commission Number: 19011416
My commission expires: 11/12/27

EXHIBIT A
Plat of communized area covering T158N, R96W: All of Sections 6 & 7
Williams County, North Dakota

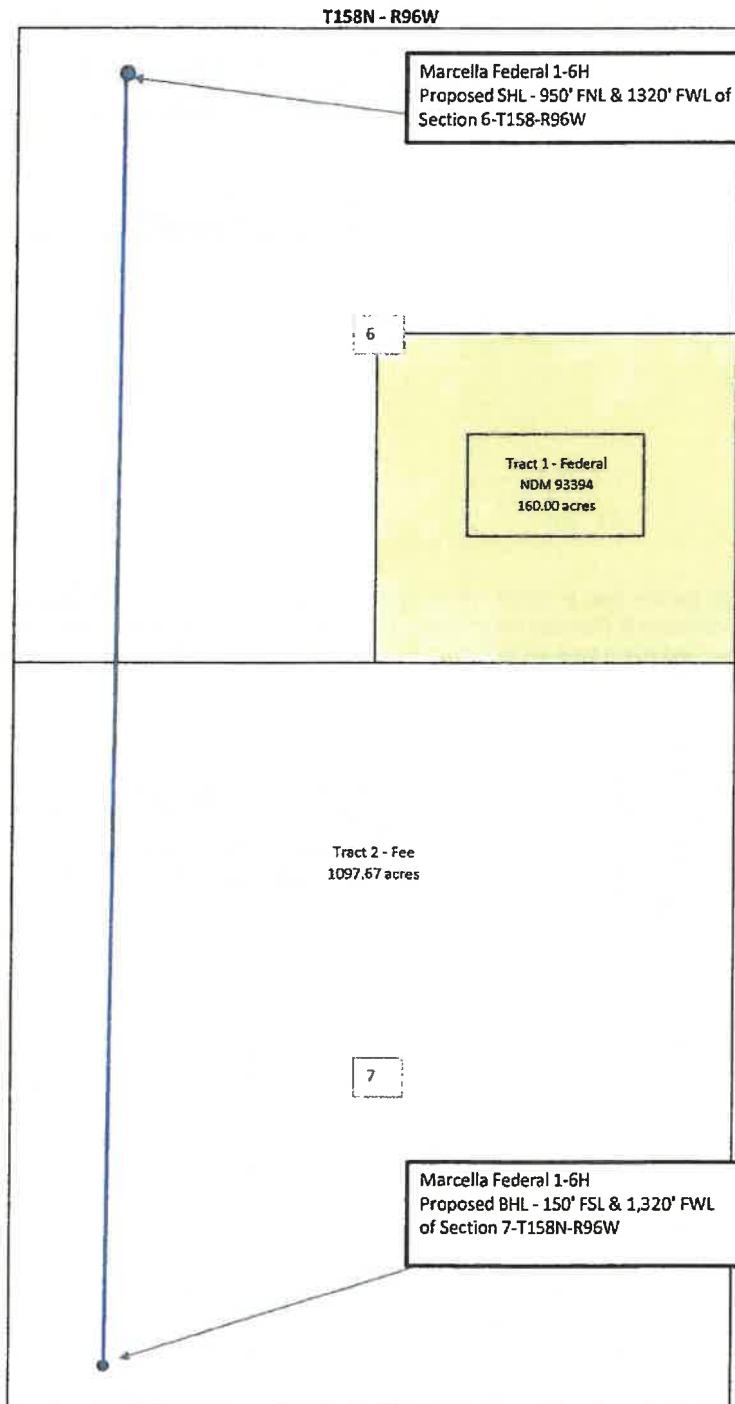


EXHIBIT B

To Communization Agreement dated September 1, 2025 embracing all of Sections 6 & 7
Township 158N – Range 96W, Williams County, North Dakota.

Operator of Communitized Area: **CONTINENTAL RESOURCES, INC.**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1 - Federal

Lease Serial Number: NDM 93394
Description of Land Committed: Township 158 North, Range 96 West
Number of Acres: 160.00 Gross Acres (80.00 net acres)
Lessee of Record: Continental Resources, Inc.
Name and Percent WI Owner: Continental Resources, Inc. – 100%

Tract No. 2 – Non-Federal

Non-Federal (other interests): Township 158 North, Range 96 West
Section 6: Lots 1-7, S2NE, SENW, E2SW
Section 7: All
Number of Acres: 1,097.67 acres

RECAPITULATION

<u>Tract Number</u>	<u>Number of Acres Committed</u>	<u>Percentage of Interest In Communized Area</u>
1 NDM 93394	160.00	12.7219%
2 Fee	<u>1,097.67</u>	<u>87.2781%</u>
Total	1257.67	100.0000%

BLM MANUAL

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 32171

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
CONTINENTAL RESOURCES, INC. FOR AN
ORDER FOR THE HANSON-BAKKEN POOL
AND/OR SOUTH MEADOW-BAKKEN POOL,
WILLIAMS COUNTY, ND, TO CREATE AND
ESTABLISH TWO OVERLAPPING 2560-
ACRE SPACING UNITS COMPRISED OF
SECTIONS 6, 7, 18 AND 19, T.159N., R.96W.;
AND SECTIONS 30 AND 31, T.159N., R.96W.
AND SECTIONS 6 AND 7, T.158N., R.96W.,
AUTHORIZING THE DRILLING OF A
TOTAL NOT TO EXCEED FIVE WELLS ON
EACH PROPOSED OVERLAPPING 2560-
ACRE SPACING UNIT, AND SUCH FURTHER
RELIEF AS APPROPRIATE.

CASE NO. 32279

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
PHOENIX OPERATING LLC FOR AN ORDER
AMENDING THE APPLICABLE ORDERS
FOR SOUTH MEADOW-BAKKEN POOL TO
AUTHORIZE UP TO FOUR WELLS TO BE
DRILLED ON A PREVIOUSLY
ESTABLISHED 1280-ACRE SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7, T.158N.,
R.96W., WILLIAMS COUNTY, ND, OR
GRANTING SUCH OTHER RELIEF AS MAY
BE APPROPRIATE.

DECLARATION OF ELIZABETH GEORGE

STATE OF OKLAHOMA)
) ss:
COUNTY OF OKLAHOMA)

Elizabeth George states and alleges as follows:

1. I am an employee for Continental Resources, Inc. ("Continental") and a reservoir engineer by education and training. In that capacity, I have personal knowledge of and familiarity with the facts set forth below.

2. Continental received invitations to participate from Phoenix Operating LLC ("Phoenix") showing that Phoenix estimates it will cost \$8,407,200 to drill each of the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF, and Lord 7-6 5HF wells, which is 33% higher than the \$6,300,000 cost testified to by Phoenix at the hearing.

3. Based on Phoenix's actual estimated cost of \$8,407,200 to drill each of the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF, and Lord 7-6 5HF wells, the actual economic data for the wells proposed to be drilled by Continental and Phoenix is as follows:

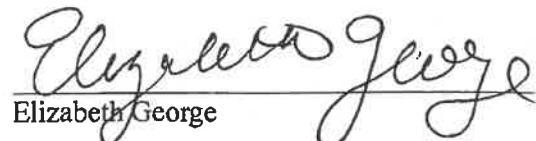
	Continental's Wells	Phoenix's Wells
Capital Expenditure Per Lateral Foot	\$722	\$840
Net Present Value	\$2,448,000	\$760,000
Internal Rate of Return	26%	15%

4. Continental's wells will recover 452% more total barrels of oil (7,780,000 barrels versus 1,720,000 barrels), and 13% more oil from Sections 6 and 7, T.158N., R.96W. (1,945,000 barrels versus 1,720,000 barrels).

5. I declare under penalty of perjury that the foregoing is true and correct.

Dated this 8th day of December, 2025.

By:


Elizabeth George



Outlook

Phx Obj to CRI Petition in 32171/32279

From Morgan Stalick <MStalick@thronelaw.com>

Date Tue 12/16/2025 4:14 PM

To Case Applications <caseapps@nd.gov>; Forsberg, Sara L. <slforsberg@nd.gov>; Rohrich, Kallie <kallierohrich@nd.gov>

Cc S. Thomas Throne <TThrone@thronelaw.com>; Mark Johnson <mjohnson@phoenixenergy.com>; Aaron Bieber <aaron@aaronbieberlaw.com>; Justin Arn <ja@phoenixenergy.com>; Bender, Lawrence <lbender@fredlaw.com>

1 attachment (6 MB)

32171_32279 Phx Obj to CRI Petition.pdf;

***** **CAUTION:** This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *****

Attached is Phoenix's Objection to Continental's Petition for Reconsideration in Case Nos. 32171 and 32279.

Morgan K. Stalick

mstalick@thronelaw.com



THRONE LAW OFFICE, P.C.

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Sheridan, WY 82801
(307) 672-5859 (voice)
(307) 674-6104 (fax)

Natural Resource Lawyers for the Rockies

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

Application of Continental Resources, Inc. for an order for the Hanson-Bakken Pool and/or South Meadow-Bakken Pool, Williams County, ND, to create and establish two overlapping 2560-acre spacing units comprised of Sections 6, 7, 18 and 19, T.159N., R.96W.; and Sections 30 and 31, T.159N., R.96W. and Sections 6 and 7, T.158N., R.96W., authorizing the drilling of a total not to exceed five wells on each proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.

Case No. 32171

Application of Phoenix Operating, LLC for an order amending the applicable orders for the South Meadow-Bakken Pool, Williams County, ND, to authorize up to four wells to be drilled on a previously established 1280-acre spacing unit described as Sections 6 and 7, T.158N., R.96W., and such further relief as appropriate.

Case No. 32279

**OBJECTION OF PHOENIX OPERATING LLC
TO PETITION FOR RECONSIDERATION AND PROPOSED DECEMBER HEARING**

Comes now, S. Thomas Throne, of Throne Law Office, P.C., as counsel on behalf of Phoenix Operating LLC (“Phoenix”), and Objects to Continental Resources, Inc. (“Continental”) Petition for Reconsideration (“Petition”) filed on December 10, 2025.

On December 10, 2025, Continental filed a Petition for Reconsideration of the Commission’s November 25, 2025 Orders in the above captioned cases. In his cover letter, counsel for Continental proposed a hearing of its Petition on December 17, 2025, just one week after filing the Petition. Notwithstanding the unusually short time frame for proposing the date, the hearing on the Petition would be held without notice from publication. Interested parties who did not participate in the initial hearing may want to participate in a rehearing, if granted, would not have notice. Representatives for Continental has recently presented testimony under oath before the Montana Board of Oil and Gas Conservation, which testimony demonstrates that Continental’s practices of presenting AFEs which are conservative estimates of costs of wells which are higher

than the actual costs, but testifying before an oil and gas conservation commission regarding the cost of said wells being much lower than what was presented in an AFE, and a transcript of such testimony will not be available for approximately 2 weeks or more, Phoenix will be prejudiced if the Commission were to grant the request of Continental for this matter to be heard on December's docket and Phoenix was not able to present such evidence to the Commission.¹

Phoenix objects to the Petition on its face as Continental's Petition contains false statements, false accusations, misstatements of law, and conclusory statements of what a reviewing court would do that have no basis in law. Continental's Petition should be denied as it lacks merit. Additionally, it is important that the Commission dispose of this matter quickly as Phoenix intends to drill the wells that are subject to the spacing order in the next few months and an unnecessary reconsideration of Phoenix's spacing order provides will come at an enormous cost to Phoenix, and uncertainty which will materially harm Phoenix.

Despite the lack of merit of said Petition, lack of notice and patently unfair timeframe that Continental proposes for a hearing, Phoenix will provide a response brief in support of this Objection to Petition for Reconsideration to rebut Continental's false accusations, false statements and misstatements of the law. The Commission should uphold its ruling despite Continental's threat of appeal, notwithstanding for the reasons set forth below.

FACTS

For brevity, Phoenix stipulates to the facts set forth in Continental's *Petition* (pp. 2-4 of the *Petition*) with the exception of the following: "The CA declares that Continental shall govern all operations within the unit" (p. 4). Further, Phoenix recites the following pertinent facts:

¹ Phoenix has witnesses to Continental's testimony, at Montana Board of Oil and Gas Commission Hearing 465-2025 wherein Continental's representative testified that the amounts Continental presented for 4-mile wells in AFEs are estimates and much higher than the actual costs of the wells which is lower.

1. Phoenix owns or controls approximately 42.01% of the leasehold estate in the standup 1280-acre spacing unit described as Sections 6 and 7 while Continental owns or controls approximately 6.79% pursuant to the aforementioned federal lease. NDIC Order 35034 at ¶ 15.
2. Phoenix estimates the additional oil and gas to be recovered by each additional well will pay for the cost of drilling and completing the well and yield a profit, hence, each additional well will be economic. *Id.* at ¶ 29.
3. If Phoenix's activities are successful, greater ultimate recovery of oil and gas from the pool will be achieved which will prevent waste and the drilling of unnecessary wells in a manner which will not have a detrimental effect on correlative rights. *Id.* at ¶ 30.
4. Phoenix's estimates of the costs of capital expenditure for a two-mile horizontal well in this area was \$630 per completed lateral foot based on five recently drilled and completed two-mile horizontal wells in Sections 28 and 33, Township 158 North, Range 96 West, Williams County North Dakota. Decl. Eric Shivey, ¶ 2.
5. The original AFEs sent for the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF and Lord 7-6 5 HF Wells ("Lord Wells") were conservative estimates of what these wells may cost only. Decl. Eric Shivey ¶ 3.
6. Updated AFEs for the for the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF and Lord 7-6 5 HF Wells were sent on December 16, 2025, that give a less conservative estimate of the costs of drilling and completing cost the Lord Wells; however these are also just conservatively estimated costs. Decl. Eric Shivey, ¶ 4, 5 & Ex. 1.
7. Based on the updated AFEs, Phoenix's capital expenditure for a two-mile horizontal well in this area is \$700 per completed lateral foot. Decl. Eric Shivey ¶ 6.

8. Phoenix estimates each of its proposed horizontal wells will cost \$6,989,733 to drill and complete, have a net present value discounted at 10% of \$2,780,000, and have an internal rate of return of 32%. Decl. Eric Shivey, ¶ 7.
9. Based on Phoenix's actual estimated cost of \$6,989,733 to drill each of the Lord Wells, the actual economic data for the wells proposed to be drilled by Continental and Phoenix is as follows:

	Continental's Wells	Phoenix's Wells
Capital Expenditure Per Lateral Foot	\$722	\$700
Net present value	\$2,448,000	\$2,780,000
Internal Rate of Return	26%	32%

Decl. Eric Shivey, ¶ 8.

10. Continental's statement that their five wells will recover 452% more total barrels of oil than Phoenix's four wells, is factually incorrect and mathematically wrong. In their presentation, Continental's five wells will produce 1,945,000 total barrels of oil, whereas Phoenix's four wells will produce 1,720,000 total barrels of oil, which Continental's five wells will only produce 11.6% more oil than Phoenix's four wells in Sections 6 and 7, and Continental will have to drill one more well to produce this additional 11.6%. Decl. Eric Shivey, ¶ 9.
11. On Thursday, December 11, 2025, before the Board of Oil and Gas Conservation, State of Montana, in Docket No. 462-2025 and 463-2025 ("Montana Docket") Continental Resources, Inc.'s ("Continental") engineering representative testified under oath that

the drilling costs for a 4 mile well in said drilling and spacing unit would be estimated to cost \$14,000,000.00. Decl. Justin Arn, ¶ 2 & Ex. 2. ²

12. By Well Election Ballot and Authorization for Expenditure dated October 29, 2025, Continental recently sent Phoenix an AFE which estimates that the well costs for a four mile well in the same general area as the wells described on the Montana Docket, being the Conaway 2-19H well, was \$17,109,228.85 (“Conaway 2-19H AFE”). Decl. Justin Arn, ¶ 3 Ex. 1.
13. At the Montana Docket, Continental’s representative was questioned about the Conaway 2-19H AFE and the difference between the costs of drilling the Conaway 2-19H well and the four mile wells proposed in the Montana Docket. Decl. Justin Arn, ¶ 4. Continental’s representative responded that AFEs are just estimates and that the Conaway 2-19H AFE was a conservative estimate but the actual costs of drilling the Conaway 2-19H well would be much lower. Decl. Justin Arn, ¶ 4.

LEGAL STANDARD

Any party before an administrative agency who is aggrieved by the final order of the agency, may file a petition for reconsideration with the agency. N.D.C.C. § 28-32-40(1). The administrative agency may deny the petition for reconsideration or may grant the petition on such terms as it may prescribe. N.D.C.C. § 28-32-40(4). The agency may dissolve or amend the final order and set the matter for further hearing. *Id.* The petition is deemed to have been denied if the agency does not dispose of it within thirty days after the filing of the petition. *Id.*

² An actual transcript of the hearing is not yet available, and upon inquiry with the Montana Board of Oil and Gas Conservation, will not be available for an additional 2 weeks or more from this brief.

ARGUMENT

The Commission may amend a prior spacing order only if it finds that it is necessary “for the prevention of waste, or to avoid the drilling of unnecessary wells, or to protect correlative rights.” N.D.C.C. § 38-08-07(4) (emphasis added). “The three statutory considerations are separated by the word “or,” which is disjunctive in nature and ordinarily indicates an alternative between different things or actions. *Langved v. Continental Res., Inc.*, 899 N.W.2d 267, 271 (N.D. 2017) (citing *Sorenson v. Felton*, 2011 ND 33, ¶ 13, 793 N.W.2d 799, 803-804 (N.D. 2011)). Consequently, each consideration is an alternative method to justify modification of spacing units. *Id.* In this case, the Commission found all three considerations favored modification.

By Order No. 35034, the Commission has made ample sufficient findings that Phoenix’s amended spacing would better prevent waste, avoid the drilling of unnecessary wells and protect correlative rights, and therefore be approved. See NDIC Order No 35034. Continental’s petition is based on false statements regarding Phoenix’s testimony, incorrect statements of law, and self-serving conjecture as to how a reviewing court would view Order No 35034.

I. Phoenix can drill its proposed wells because it can be operator of the spacing unit by simple change of operatorship regarding the communization agreement that Continental should have never filed.

At the hearing, Phoenix’s witnesses testified that it would not need to obtain a permit to drill from the BLM’s fractional mineral interest because it was the owner of a fee lease which covered the same lands and was operating according to a formal BLM guidance memorandum on this point. See Phoenix Supplemental Exhibit #2 – PIM 2016-001, attachment 2. The law that Continental cites on this point in its Petition does nothing to alter this BLM guidance. *True Oil, LLC v. Bureau of Land Management*, 154 F.4th 1236 (10th Cir. 2025) (case where the federal government owned an undivided 100% of the minerals in question); 43 C.F.R. § 3162.3-1 (cites

general requirements in place prior to BLM guidance memorandum).

The Communication Agreement cited by Continental, whereby Continental was named operator of the spacing unit set up by NDIC Order No. 35034, never should have been filed by Continental because it submitted on September 26, 2025, the same day as the Commission's scheduled hearing regarding this dispute between Continental's proposed spacing and Phoenix's proposed spacing, in contravention of the Commission's decision making process. See NDIC Case No.32171, Order No. 34860. Regardless of Continental's attempt to muddy the water by filing its CA, Phoenix can simply file to modify the CA to become recognized as operator under the CA consistent with the Commission's Order No. 35034. 43 C.F.R. 3105.21(a). There is no "live operatorship dispute". The Commission has decided, and the CA Continental filed in to circumvent the Commission's decision-making process does not change the Commission's order.

II. Phoenix's wells are more economic, resulting in the greatest ultimate recovery consistent with the Commission's Order.

The Commission's decision that Phoenix's proposed wells will be more economic than Continental's wells, and that Phoenix's wells would result in the greater ultimate economic recovery was correct. Continental's accusations that Phoenix presented false testimony are not only themselves false statements and false accusations, but Continental has also recently done the same thing as Phoenix recently – send an AFE which is a conservative estimate, and testify at an oil and gas conservation commission hearing that the actual costs of a well are lower than set forth in an AFE.

A. Phoenix's wells are more economic than Continental's consistent with the Commissions finding and the Commission's Order – Continental's assertions of false statements by Phoenix are themselves false statements and false accusations.

The Commission found that Phoenix's proposed wells had "superior economics" than Continental's proposed wells, and this finding is correct. NDIC Order 35034 ¶ 25. Phoenix's

estimates of the costs of capital expenditure for a two-mile horizontal well in this area was \$630 per completed lateral foot based on five recently drilled and completed two-mile horizontal wells in Sections 28 and 33, Township 158 North, Range 96 West, Williams County North Dakota. Decl. Eric Shivey, ¶ 2. The original AFEs sent for the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF and Lord 7-6 5 HF Wells (“Lord Wells”) were conservative estimates of what these wells may cost only. Decl. Eric Shivey, ¶ 3. This makes sense because AFEs are an estimate, and in Phoenix’s case a conservative estimate of what wells may cost, not actual data of what a well did cost. “It is axiomatic that drilling costs cannot be estimated with certainty and that an AFE is at best a good-faith estimate.” *Williams & Meyers*, Law of Oil and Gas, Definitions – AFE (citing *M & T, Inc. v. Fuel Resources Development Co.*, 518 F. Supp. 285, 70 O.&G.R. 232 (D. Colo. 1981).

On December 16, 2025, Phoenix has submitted new, less conservative AFEs for the Lord Wells to Continental and other parties. Decl. Eric Shivey, ¶ 4 & Ex. 1. Based on the updated AFEs, Phoenix’s capital expenditure for a two-mile horizontal well in this area is \$700 per completed lateral foot. Decl. Eric Shivey, ¶ 6. Based on the updated AFEs, Phoenix estimates each of its proposed horizontal wells will cost \$6,989,733 to drill and complete, have a net present value discounted at 10% of \$2,780,000, and have an internal rate of return of 32%. Decl. Eric Shivey, ¶ 7. Based on Phoenix’s actual estimated cost of \$6,989,733 to drill each of the Lord Wells, the actual economic data for the wells proposed to be drilled by Continental and Phoenix is as follows:

	Continental’s Wells	Phoenix’s Wells
Capital Expenditure Per Lateral Foot	\$722	\$700
Net present value	\$2,448,000	\$2,780,000
Internal Rate of Return	26%	32%

Decl. Eric Shivey, ¶ 8. As a result of the foregoing, and consistent with the Commission’s previous findings, as decided before by the Commission, Phoenix’s wells have superior economics. NDIC

Order No. 35034, ¶ 25.

Phoenix's testimony was not false, AFEs are conservative estimates, and Continental's accusations merely an attempt to tarnish Phoenix's reputation based on false statements and false accusations of their own. In fact, Continental engages in the same practice of presenting conservative estimates of well costs to other parties in AFEs, while presenting a more accurate estimate of actual costs before oil and gas regulatory commissions.

On Thursday, December 11, 2025, before the Board of Oil and Gas Conservation, State of Montana, in Docket No. 462-2025 and 463-2025 ("Montana Docket") Continental Resources, Inc.'s ("Continental") engineering representative testified under oath that the drilling costs for a 4 mile well in said drilling and spacing unit would be estimated to cost \$14,000,000.00. Decl. Justin Arn, ¶ 2, Ex. 2. However, by Well Election Ballot and Authorization for Expenditure dated October 29, 2025, Continental recently sent Phoenix an AFE which estimates that the well costs for a four mile well in the same general area as the wells described on the Montana Docket, being the Conaway 2-19H well, was \$17,109,228.85 ("Conaway 2-19H AFE"). Decl. Justin Arn, ¶ 3, Ex. 1 When questioned about the discrepancy between a 17 million dollar AFE for a 4 mile well in the same area that Continental was testifying that 4 mile wells would cost 14 million, Continental's representative testified that Continental's representative responded that AFEs are just estimates and that the Conaway 2-19H AFE was a conservative estimate but the actual costs of drilling the Conaway 2-19H well would be much lower. Decl. Justin Arn, ¶ 4.

Continental's attempt at character assassination of Phoenix fails – Continental, just as Phoenix, presents AFEs as estimates, often conservative estimates of well costs, but testifies as to more accurate, actual well costs before regulatory commissions as Phoenix has done in this instance. Continental should think twice when attempting to utilize a Commission's proceedings for libeling

another company, particularly when it engages in the same conduct as the other company that it is accusing of false testimony.

B. Phoenix's proposed wells will result in the greater ultimate recovery of oil than Continental's wells.

The Commission found that Phoenix's proposed wells would result in the greater ultimate recovery of oil. NDIC Order No. 35034 ¶ 25. Phoenix's four wells "will recover 430,000 barrels of oil (215,000 barrels per mile)" for a total of 1,720,000, all from Sections 6 and 7, T.158N, R.96W. *Id.* at ¶ 24. Continental's proposed wells, which is five wells in a 2560 acre spacing unit including two additional sections, "will recover 778,000 barrels of oil (194,000 barrels per mile)," for a total of 7,780,00 barrels of oil. *Id.* at ¶ 24.

Continental conflates "most barrels of oil" with "greater ultimate recovery of oil", which is explicitly tied to recovery methods that maximize the economic extraction of oil and gas while preventing waste. *See Hanson v. Industrial Com'n of North Dakota*, 466 N.W.2d 587, 592 (N.D. 1991) and *Equinor Energy, LP v. North Dakota Industrial Commission*, 23 N.W.3d 759, 763 (N.D. 2005) (where the court emphasized that development which prevents waste and ensures greater economic recovery of oil and gas were operations such as cycling, recycling, pressure maintenance and secondary recovery techniques to achieve the greatest possible economic recovery).

Here the Commission found that Phoenix's activities, if successful (215,000 barrels per mile), will result in greater ultimate recovery of oil and gas preventing waste and drilling of unnecessary wells. NDIC Order No. 35034 ¶ 30. This finding is bolstered by Continental's own admission that their additional well will only result in 13% more oil being extracted from Sections 6 and 7. *See Decl. of Elizabeth George*, ¶ 4. Continental's false assertion that its operations "will recover 452% more total barrels of oil" (*Decl. of Elizabeth George*, ¶ 4) is not accurate – it is simply based on bad math as it apparently incorporates production from additional lands outside

of Sections 6 and 7. See Decl. of Eric Shivey, ¶ 9. Rather Continental's five wells will only result in 11.6% more oil and Phoenix's four wells in Sections 6 and 7. Decl. of Eric Shivey, ¶ 9. The Commission's finding that

III. The Commission's conclusions that Phoenix's application will prevent waste, avoid drilling of unnecessary wells and protect correlative rights are all supported by law and substantial evidence.

Under NDCC, 38-08-14(3), orders of the North Dakota Industrial Commission must be sustained by the district court if the Commission has regularly pursued its authority and its findings and conclusions are supported by the law and by substantial and credible evidence. N.D.C.C. § 38-08-14(3). The "substantial evidence" standard, as applied to the Industrial Commission, is defined as relevant evidence that a reasonable mind might accept as adequate to support a conclusion. This standard is less stringent than the "greater weight of the evidence" or "preponderance of the evidence" tests typically applied to other administrative decisions. *Equinor Energy, LP v. North Dakota Industrial Commission*, 23 N.W.3d 759, 762 (2025)). Additionally, the Supreme Court of North Dakota accords greater deference to the Industrial Commission's findings of fact than it does to other administrative agencies' finding of fact. *Id.* As discussed above, the Commission merely find that amending a prior spacing order is necessary "for the prevention of waste, or to avoid the drilling of unnecessary wells, or to protect correlative rights." N.D.C.C. § 38-08-07(4) (emphasis added). However in this case, the Commission found all three supported by substantial evidence presented to it.

Here Phoenix's amended spacing will prevent waste, avoid drilling unnecessary wells and protect correlative rights. The Commission, among other findings, found that construction of common drilling pads will minimize surface disturbance and enhance aesthetic values resulting in fewer production facilities. NDIC Order No. 35034, ¶ 27. Locating wells in a manner which causes

or tends to cause unnecessary or excessive surface loss is expressly included in the definition of “waste” under North Dakota Century Code. N.D.C.C. 38-08-02(19)(c). In addition, despite Continental’s contentions, the North Dakota Supreme Court recognizes that the prevention of waste includes both physical and economic aspects. *See Hanson v. Industrial Com’n of North Dakota*, 466 N.W.2d 587, 594 (N.D. 1991) (citing I B. Kramer & P. Martin, *The Law of Pooling and Unitization* § 5.01[1] (3rd ed. 1990) (“[s]tates regulate the rate and volume of oil production to prevent waste, which has both physical and economic aspects.”)) *Amerada Hess Corp. v. Furlong Oil & Minerals Co.*, 348 N.W.2d 913, 915 (N.D. 1984); The Commission found “that it would be more economical to produce the Midal and Ratcliffe through the existing well than to drill a separate well, and therefore, drilling a second well would constitute economic waste.”). The Commission found that Phoenix’s activities were sufficiently economic, superior economic, would result in greater ultimate economic recovery, and therefore would ultimately prevent waste. NDIC Order No. 35034, ¶ 20, 22, 23, 24, 25, 27, 29 and 30. As a result of the foregoing, the finding of prevention of waste is supported by substantial evidence presented in the Commission’s Order.

The Commission found that Phoenix’s activities would prevent the drilling of unnecessary wells. NDIC Order No. 35034, ¶ 30. Here, Phoenix’s spacing includes drilling only four wells where Continental’s includes five wells. NDIC Order No. 35034, ¶ 11, 12. Phoenix’s plan drilling more wells results in economic recovery of substantially the same total amount of oil and gas the greatest economic recovery with less wells. Id., ¶ 25, 29, 30. These findings are supported by the substantial evidence presented in the Commission’s Order.

Finally, the Commission found that Phoenix’s activities would better protect correlative rights than Continental’s plan. NDIC Order No. 35034, ¶ 25. Here Continental cites to *Hystad v. Industrial Comm’n*, 389 N.W.2d 590 (N.D. 1986) for the proposition that “[T]he extent of the

correlative rights must be determined before the commission can act To protect them." *Id.* at 596. Four pieces of information are necessary to determine the extent of correlative rights: "(1) the amount of recoverable oil in the pool; (2) the amount of recoverable oil under the various tracts; (3) the proportion that #1 bears to # 2; and (4) the amount of oil that can be recovered without waste." *Id.* Here the Commission found sufficient the evidence presented to it the amount of oil both Continental and Phoenix could produce in total, and from each Sections 6 and 7 which satisfies (1), (2) and (3). NDIC Order No. 35034, ¶ 24.³ Additionally, the Commission found that Phoenix could recover this amount of oil while preventing waste. *See* NDIC Order No. 35034, ¶ 20, 22, 23, 24, 25, 27, 29 and 30. As a result of the foregoing, the finding of protection of correlative rights is supported by substantial evidence presented in the Commission's Order.

CONCLUSION & REQUEST

Continental's Petition lacks merit and contains false statements, false accusations, misstatements of law, and conclusory statements of what a reviewing court would do. The Commission's Order is proper in all respects and Continental's Petition should be denied. It is important that the Commission dispose of this matter quickly as Phoenix intends to drill the wells that are subject to the spacing order in the next few months and an unnecessary reconsideration of Phoenix's spacing order will come at an enormous cost to Phoenix, and uncertainty which will materially harm Phoenix.

As a result, as part of the Commission's decision denying Continental's baseless Petition, Phoenix respectfully requests that the Commission activate all of Phoenix's permits to drill for the Lord Wells in the spacing unit which is the subject of Commission's Order No. 35034, and any

³ (24) Continental estimates each of its proposed four-mile horizontal wells will recover 778,000 barrels of oil (194,000 barrels per mile) while Phoenix estimates each of its proposed two mile horizontal wells will recover 430,000 barrels of oil (215,000 barrels per mile).

other relief as the Commission deems proper under the circumstances.

Dated this 16th day of December 2025.

Respectfully Submitted

By: 
S. Thomas Throne, ND Bar ID# 06679
Throne Law Office, P.C.
Attorney for Protestant
P. O. Box 1056
Sheridan, WY 82801
(307) 672-5858 Telephone

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of December 2025, a true and correct copy of the above and foregoing *Objection to Petition* was sent via email to the following:

Lawrence Bender
lbender@fredlaw.com
Attorney for Applicant



S. Thomas Throne

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

Application of Continental Resources, Inc. for an order for the Hanson-Bakken Pool and/or South Meadow-Bakken Pool, Williams County, ND, to create and establish two overlapping 2560-acre spacing units comprised of Sections 6, 7, 18 and 19, T.159N., R.96W.; and Sections 30 and 31, T.159N., R.96W. and Sections 6 and 7, T.158N., R.96W., authorizing the drilling of a total not to exceed five wells on each proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.

Case No. 32171

Application of Phoenix Operating, LLC for an order amending the applicable orders for the South Meadow-Bakken Pool, Williams County, ND, to authorize up to four wells to be drilled on a previously established 1280-acre spacing unit described as Sections 6 and 7, T.158N., R.96W., and such further relief as appropriate.

Case No. 32279

DECLARATION OF ERIC SHIVEY

STATE OF COLORADO)
)ss:
COUNTY OF DENVER)

Eric Shivey states and alleges as follows:

1. I am an employee of Phoenix Operating LLC ("Phoenix") and a petroleum engineer by education and training. In that capacity, I have personal knowledge of and familiarity with the facts set forth below.

2. Phoenix's estimates of the costs of capital expenditure for a two-mile horizontal well in this area was \$630 per completed lateral foot based on five recently drilled and completed two-mile horizontal wells in Sections 28 and 33, Township 158 North, Range 96 West, Williams County North Dakota.

3. The original AFEs sent for the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF and Lord 7-6 5 HF Wells ("Lord Wells") were conservative estimates of what these wells may cost

only.

4. Updated AFEs for the for the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF and Lord 7-6 5 HF Wells were sent on December 16, 2025, that give a less conservative estimate of the costs of drilling and completing cost the Lord Wells; however these are also just conservatively estimated costs.

5. Attached to this declaration as Exhibit 1 is a copy of the Updated AFEs for the for the Lord 7-6 2HF, Lord 7-6 3HF, Lord 7-6 4HF and Lord 7-6 5 HF Wells that Phoenix sent to Continental on December 16, 2025.

6. Based on the updated AFEs, Phoenix's capital expenditure for a two-mile horizontal well in this area is \$700 per completed lateral foot.

7. Phoenix estimates each of its proposed horizontal wells will cost \$6,989,733 to drill and complete, have a net present value discounted at 10% of \$2,780,000, and have an internal rate of return of 32%.

8. Based on Phoenix's actual estimated cost of \$6,989,733 to drill each of the Lord Wells, the actual economic data for the wells proposed to be drilled by Continental and Phoenix is as follows:

	Continental's Wells	Phoenix's Wells
Capital Expenditure Per Lateral Foot	\$722	\$700
Net present value	\$2,448,000	\$2,780,000
Internal Rate of Return	26%	32%

9. Continental's statement that their five wells will recover 452% more total barrels of oil than Phoenix's four wells, is factually incorrect and mathematically wrong. In their presentation, Continental's five wells will produce 1,945,000 total barrels of oil, whereas

Phoenix's four wells will produce 1,720,000 total barrels of oil, which Continental's five wells will only produce 11.6% more oil than Phoenix's four wells in Sections 6 and 7, and Continental will have to drill one more well to produce this additional 11.6%.

10. I declare under penalty of perjury that the foregoing is true and correct.

Dated this 16th day of December, 2025.

eric m shivey
By: boxSIGN 4QYQP968-4Y9JJL5L

Eric Shivey

Exhibit 1 to Decl. Eric Shivey

PHOENIX 40000

AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

AFE No.	ND0206	API No.	TBD	State	ND
Well Name:	LORD 7-6 2HF AMENDED	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,693
Target Zone:	MIDDLE BAKKEN	BHL	NW4NW4 6-158N-96W	Est TVD(ft)	10,156
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..160	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..165	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 325,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 40,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 135,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 32,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 65,000	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 376,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 182,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TOC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 10,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 10,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 32,500	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 30,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 230,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 299,500	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 2,500	\$ -
35000	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 35,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 107,500	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 6,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 900,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 300,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 100,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 20,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 20,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 25,000	\$ -
8100..105	IDC Road/Location/Survey	\$ -	\$ -	\$ -	\$ 210,000
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 4,167
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 14,167
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,250
8250..220	TFC Well Connection/3P Mistrm	\$ -	\$ -	\$ -	\$ 208,333
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 104,167
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 4,167
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 500,000
8250..700	TFC Overhead Power	\$ -	\$ -	\$ -	\$ 145,833
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 74,167
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 137,500
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 23,333
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 18,833
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 150,000
8250..230	TFC Heat Trace Labor & Materi	\$ -	\$ -	\$ -	\$ 9,167
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 166,667
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 162,500

PHOENIX

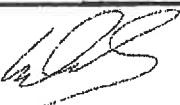
AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250.600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 108,333	\$ -
8110.040	ICC Contract Services	\$ -	\$ -	\$ -	\$ -	\$ 15,000
8110.060	ICC Supervision	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110.090	ICC Completion Fluids/Water	\$ -	\$ -	\$ -	\$ -	\$ 10,500
8110.100	ICC Waste Disposal	\$ -	\$ -	\$ -	\$ -	\$ 2,500
8110.130	ICC Rental-Surface Equip	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110.150	ICC Service Rig	\$ -	\$ -	\$ -	\$ -	\$ 24,000
8110.400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ -	\$ 10,000
8300.140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300.270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300.620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300.630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300.920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 87,500.00	\$ 2,184,650.00	\$ 2,138,000.00	\$ 2,042,584.00	\$ 537,000.00
Total AFE		\$ 6,989,734				

AFE No.	ND0206	API No.	T6D	State	ND
Well Name:	LORD 7-6 2HF AMENDED	Unit Desc.	7-6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,693
Target Zone:	MIDDLE BAKKEN	BHL	NW4NW4 6-158N-96W	Est TVD(ft)	10,156

Phoenix Operating LLC Approval

Signature: 

Date: December 12, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.

AFE COST AGREED TO AND ACCEPTED THIS DAY OF _____.

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____

PHOENIX 150144

AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO, 80237

AFE No.	ND0207	API No.	TBD	State	ND
Well Name:	LORD 7-6 3HF AMENDED	Unit Desc.	7-6-15BN-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-15BN-96W	Est TMD(ft)	20,794
Target Zone:	MIDDLE BAKKEN	SHL	NE4NW4 6-15BN-96W	Est TVD(ft)	10,146
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..150	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..365	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 325,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	TDC Power Fuel & Water	\$ -	\$ 40,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 135,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 32,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 65,000	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 376,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 182,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 10,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 10,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 32,500	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 30,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 230,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 299,500	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 2,500	\$ -
835000	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 35,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 107,500	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 6,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 900,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 300,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 100,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 20,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 20,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 25,000	\$ -
8100..105	IDC Road/Location/Survey	\$ -	\$ -	\$ -	\$ 210,000
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 4,167
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 14,167
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,250
8250..220	TFC Well Connection/3P Mistrm	\$ -	\$ -	\$ -	\$ 208,833
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 104,167
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 4,167
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 500,000
8250..700	TFC Overhead Power	\$ -	\$ -	\$ -	\$ 145,833
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 74,167
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 197,500
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 23,333
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 18,833
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 150,000
8250..230	TFC Heat Trace Labor & Materi	\$ -	\$ -	\$ -	\$ 9,167
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 166,667
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 162,500

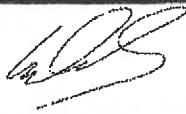
PHOENIX

AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250..600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 108,333	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ -	\$ -	\$ 15,000
8110..060	ICC Supervision	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ -	\$ -	\$ 10,500
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ -	\$ -	\$ 2,500
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110..150	ICC Service Rfg	\$ -	\$ -	\$ -	\$ -	\$ 24,000
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ -	\$ 10,000
8300..140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300..270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300..520	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300..630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300..920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 87,500.00	\$ 2,184,650.00	\$ 2,138,000.00	\$ 2,042,584.00	\$ 537,000.00
Total AFE			\$ 6,989,734			

AFE No.	ND0207	API No.	TBD	State	ND
Well Name:	LORD 7-6 3HF AMENDED	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	20,794
Target Zone:	MIDDLE BAKKEN	BHL	NE4NW4 6-158N-96W	Est TVD(ft)	10,146

Phoenix Operating LLC ApprovalSignature: 

Date: December 12, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.
 AFE COST AGREED TO AND ACCEPTED THIS ____ DAY OF ____.

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____

PHOENIX ENERGY

AUTHORIZATION FOR EXPENDITURE

 Phoenix Operating LLC
 4643 S. Ulster St, Suite 1510
 Denver CO. 80237

AFE No.	ND0208	API No.	TBD	State	ND
Well Name:	LORD 7-6 4HF AMENDED	Unit Desc.	7-6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	BHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,012
Target Zone:	MIDDLE BAKKEN	BHL	NW4NE4 6-158N-96W	Est TVD(ft)	10,129
Account	Description	Land / Regulatory	Drilling	Completions	Facilities
8400..160	LHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -
8400..165	LHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -
8400..110	LHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 325,000	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 40,000	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 135,000	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 32,000	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 65,000	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 376,000	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 182,150	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 10,000	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 10,000	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 32,500	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 30,000	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 230,000	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 299,500	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 2,500	\$ -
35000	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 35,000	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 107,500	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 6,000	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 900,000	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 300,000	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 100,000	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 20,000	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 20,000	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 25,000	\$ -
8100..105	IDC Road/Location/Survey	\$ -	\$ -	\$ -	\$ 210,000
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 4,167
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 14,167
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,250
8250..220	TFC Well Connection/3P Mstrm	\$ -	\$ -	\$ -	\$ 208,333
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 104,167
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 4,167
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 500,000
8250..700	TFC Overhead Power	\$ -	\$ -	\$ -	\$ 145,833
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 74,167
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 137,500
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 23,333
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 18,833
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 150,000
8250..280	TFC Heat Trace Labor & Materi	\$ -	\$ -	\$ -	\$ 9,167
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 166,867
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 162,500

PHOENIX

AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO. 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250.500	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 108,333	\$ -
8110.040	ICC Contract Services	\$ -	\$ -	\$ -	\$ -	\$ 15,000
8110.060	ICC Supervision	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110.090	ICC Completion Fluids/Water	\$ -	\$ -	\$ -	\$ -	\$ 10,500
8110.100	ICC Waste Disposal	\$ -	\$ -	\$ -	\$ -	\$ 2,500
8110.130	ICC Rental-Surface Equip	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110.150	ICC Service Rig	\$ -	\$ -	\$ -	\$ -	\$ 24,000
8110.400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ -	\$ 10,000
8300.140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300.270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 100,000
8300.620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300.630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300.920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 87,500.00	\$ 2,184,650.00	\$ 2,138,000.00	\$ 2,042,584.00	\$ 537,000.00
Total AFE		\$ 6,989,734				

AFE No.	ND0208	API No.	TBD	State	ND
Well Name:	LORD 7-6 4HF AMENDED	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,012
Target Zone:	MIDDLE BAKKEN	BHL	NW4NE4 6-158N-96W	Est TVD(ft)	10,129

Phoenix Operating LLC Approval

Signature: 

Date: December 12, 2023

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.

AFE COST AGREED TO AND ACCEPTED THIS ____ DAY OF ____

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____

PHOENIX

AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO, 80237

AFE No.	ND0209	API No.	TBD			State	ND
Well Name:	LORD 7-6 5HF AMENDED	Unit Desc.	7-6-158N-96W			County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W			Est TMD(ft)	21,392
Target Zone:	MIDDLE BAKKEN	BHL	NE4NE4 6-158N-96W			Est TVD(ft)	10,109
Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift	
8400..160	IHC Permitting/Staking	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
8400..165	IHC Legal Fees	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -
8400..110	IHC Brokers Fees & Commissions	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
8100..115	IDC Survey / Staking	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
8100..135	IDC Permits & Inspection	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
8100..420	IDC Environmental Analysis	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
8100..110	IDC Damages	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
8100..010	IDC Mobilization/Demobilization	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -
8100..030	IDC Daywork	\$ -	\$ 325,000	\$ -	\$ -	\$ -	\$ -
8100..050	IDC Overhead	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -
8100..080	IDC Power Fuel & Water	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -
8100..100	IDC Turnkey	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -
8100..140	IDC Cement & Cementing	\$ -	\$ 135,000	\$ -	\$ -	\$ -	\$ -
8100..180	IDC Logging & Perf Svcs	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -
8100..250	IDC Insurance	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -
8100..470	IDC Mud Diesel	\$ -	\$ 32,000	\$ -	\$ -	\$ -	\$ -
8200..010	TDC Surface Casing	\$ -	\$ 65,000	\$ -	\$ -	\$ -	\$ -
8200..020	TDC Intermediate Casing	\$ -	\$ 376,000	\$ -	\$ -	\$ -	\$ -
8200..030	TDC Production Casing	\$ -	\$ 182,150	\$ -	\$ -	\$ -	\$ -
8200..050	TDC Casinghead Eqpt	\$ -	\$ 32,000	\$ -	\$ -	\$ -	\$ -
8200..110	TDC Conductor Pipe & Cellar	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -
8200..120	TDC Packers & Downhole Equip	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
8110..030	ICC Location & Roads	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -
8110..040	ICC Contract Services	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -
8110..050	ICC Overhead	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -
8110..060	ICC Supervision	\$ -	\$ -	\$ 32,500	\$ -	\$ -	\$ -
8110..070	ICC Transportation/Hauling	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -
8110..080	ICC Fuel	\$ -	\$ -	\$ 230,000	\$ -	\$ -	\$ -
8110..090	ICC Completion Fluids/Water	\$ -	\$ -	\$ 299,500	\$ -	\$ -	\$ -
8110..100	ICC Waste Disposal	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -
35000	ICC Rental-Downhole Equip	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -
8110..130	ICC Rental-Surface Equip	\$ -	\$ -	\$ 107,500	\$ -	\$ -	\$ -
8110..150	ICC Service Rig	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -
8110..160	ICC Stimulation	\$ -	\$ -	\$ 900,000	\$ -	\$ -	\$ -
8110..170	ICC Wireline	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -
8110..180	ICC Coiled Tubing	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -
8110..400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -
8300..150	TCC Wellhead	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -
8300..170	TCC Packers & Downhole Eqpt	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -
8100..105	IDC Road/Location/Survey	\$ -	\$ -	\$ -	\$ 210,000	\$ -	\$ -
8250..060	IFC Engineering Services	\$ -	\$ -	\$ -	\$ 4,167	\$ -	\$ -
8250..110	IFC Contract Labor Supervision	\$ -	\$ -	\$ -	\$ 14,167	\$ -	\$ -
8250..115	IFC Crane And Rigging	\$ -	\$ -	\$ -	\$ 1,250	\$ -	\$ -
8250..220	TFC Well Connection/3P Mistrm	\$ -	\$ -	\$ -	\$ 208,833	\$ -	\$ -
8250..300	IFC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ 104,167	\$ -	\$ -
8250..410	IFC Contract Services	\$ -	\$ -	\$ -	\$ 4,167	\$ -	\$ -
8250..650	IFC Frac Water Recovery	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -
8250..700	TFC Overhead Power	\$ -	\$ -	\$ -	\$ 145,833	\$ -	\$ -
8250..920	IFC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ 74,167	\$ -	\$ -
8250..940	IFC Mech Cont Serv & Misc Supp	\$ -	\$ -	\$ -	\$ 137,500	\$ -	\$ -
8250..180	TFC Flowlines	\$ -	\$ -	\$ -	\$ 23,333	\$ -	\$ -
8250..200	TFC Meters & Meter Assemblies	\$ -	\$ -	\$ -	\$ 18,833	\$ -	\$ -
8250..210	TFC Process Equipment	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -
8250..230	TFC Heat Trace Labor & Materi	\$ -	\$ -	\$ -	\$ 9,167	\$ -	\$ -
8250..280	TFC Elect/Auto Non-Control Eqpt	\$ -	\$ -	\$ -	\$ 166,667	\$ -	\$ -
8250..310	TFC Tanks	\$ -	\$ -	\$ -	\$ 162,500	\$ -	\$ -

PHOENIX

AUTHORIZATION FOR EXPENDITURE

Phoenix Operating LLC
4643 S. Ulster St, Suite 1510
Denver CO, 80237

Account	Description	Land / Regulatory	Drilling	Completions	Facilities	Artificial Lift
8250.600	TFC Pipe, Valves And Fittings	\$ -	\$ -	\$ -	\$ 108,333	\$ -
8110.040	ICC Contract Services	\$ -	\$ -	\$ -	\$ -	\$ 15,000
8110.060	ICC Supervision	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110.090	ICC Completion Fluids/Water	\$ -	\$ -	\$ -	\$ -	\$ 10,500
8110.100	ICC Waste Disposal	\$ -	\$ -	\$ -	\$ -	\$ 2,500
8110.130	ICC Rental-Surface Equip	\$ -	\$ -	\$ -	\$ -	\$ 7,500
8110.150	ICC Service Rig	\$ -	\$ -	\$ -	\$ -	\$ 24,000
8110.400	ICC Flowback/Treater Watch	\$ -	\$ -	\$ -	\$ -	\$ 10,000
8300.140	TCC Tubing	\$ -	\$ -	\$ -	\$ -	\$ 80,000
8300.270	TCC Surface Art. Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 300,000
8300.620	TCC Subsurface Equipment	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8300.630	TCC Downhole Art Lift Eqpt	\$ -	\$ -	\$ -	\$ -	\$ 200,000
8300.920	TCC Elect/Auto Services Labor	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Subtotal		\$ 87,500.00	\$ 2,184,650.00	\$ 2,138,000.00	\$ 2,042,584.00	\$ 537,000.00
Total AFE		\$ 6,989,734				

AFE No.	ND0209	API No.	TBD	State	ND
Well Name:	LORD 7-6 5HF AMENDED	Unit Desc.	7,6-158N-96W	County	WILLIAMS
Operator:	PHOENIX OPERATING LLC	SHL	SW4SW4 7-158N-96W	Est TMD(ft)	21,392
Target Zone:	MIDDLE BAKKEN	BHL	NE4NE4 6-158N-96W	Est TVD(ft)	10,109

Phoenix Operating LLC Approval

Signature: 

Date: December 12, 2025

Printed Name: David Scadden

Title: Chief Executive Officer

THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS. BILLINGS & PAYMENTS SHALL BE FOR ACTUAL COSTS INCURRED.

AFE COST AGREED TO AND ACCEPTED THIS ____ DAY OF ____.

Be aware: An election to participate and failure to pay any billed amount(s), within thirty (30) days of your receipt, will be deemed an election not to participate and will be subject to the risk penalty allowed by Section 38-08-08 of the North Dakota Century Code.

SIGNATURE: _____

COMPANY: _____

PRINTED NAME: _____

TITLE: _____

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

Application of Continental Resources, Inc. for an order for the Hanson-Bakken Pool and/or South Meadow-Bakken Pool, Williams County, ND, to create and establish two overlapping 2560-acre spacing units comprised of Sections 6, 7, 18 and 19, T.159N., R.96W.; and Sections 30 and 31, T.159N., R.96W. and Sections 6 and 7, T.158N., R.96W., authorizing the drilling of a total not to exceed five wells on each proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.

Case No. 32171

Application of Phoenix Operating, LLC for an order amending the applicable orders for the South Meadow-Bakken Pool, Williams County, ND, to authorize up to four wells to be drilled on a previously established 1280-acre spacing unit described as Sections 6 and 7, T.158N., R.96W., and such further relief as appropriate.

Case No. 32279

DECLARATION OF JUSTIN ARNOLD

Justin Arn states and alleges as follows:

1. I am an employee and the Chief Land and Title Officer of Phoenix Energy One, LLC, Phoenix Operating LLC is a wholly owned subsidiary of Phoenix Energy One, LLC, and I am a landman by experience and training. In that capacity, I have personal knowledge of and familiarity with the facts as set forth below.

2. On Thursday, December 11, 2025, before the Board of Oil and Gas Conservation, State of Montana, in Docket No. 462-2025 and 463-2025 ("Montana Docket") Continental Resources, Inc.'s ("Continental") engineering representative testified under oath that the drilling costs for a 4 mile well in said drilling and spacing unit would be estimated to cost \$14,000,000.00.

3. By Well Election Ballot and Authorization for Expenditure dated October 29, 2025, Continental recently sent Phoenix an AFE which estimates that the well costs for a four mile well in the same general area as the wells described on the Montana Docket, being the Conaway 2-19H well, was \$17,109,228.85 ("Conaway 2-19H AFE").

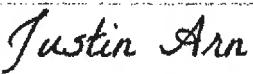
4. At the Montana Docket, Continental's representative was questioned about the Conaway 2-19H AFE and the difference between the costs of drilling the Conaway 2-19H well and the four mile wells proposed in the Montana Docket. Continental's representative responded that AFEs are just estimates and that the Conaway 2-19H AFE was a conservative estimate but the actual costs of drilling the Conaway 2-19H well would be much lower.

5. Attached to this declaration as Exhibit 1 hereto is an invitation to participate that Phoenix received from Continental showing that Continental estimates it will cost \$17,109,228.85 to drill the Conaway 2-19H well.

6. Attached to this declaration as Exhibit 2 is a copy of Board of Oil and Gas Conservation, State of Montana, in Docket No. 462-2025 and 463-2025.

I declare under penalty of perjury that the foregoing is true and correct.

Dated this 16th day of December, 2025.

By: 
boxSIGN 427QX78X-4PYXXQ9K

Justin Arn

Exhibit 1 to Decl. Justin Arn



Via Certified Mail

October 29, 2025

Phoenix Energy One LLC
Attn Land Manager
18575 Jamboree Road, Suite 830
Irvine, CA 92612

Re: **Conaway 2-19H**
Sections 6, 7, 18 and 19-25N-57E
Richland County, Montana

To Whom It May Concern:

This letter will serve as notice, pursuant to the provisions of Section 82-11-202 of the Montana Code Annotated, of the plans of Continental Resources, Inc. ("Continental") to drill and complete the above referenced well.

Continental plans to drill and complete the "Conaway 2-19H" with an estimated surface hole located 295' FSL & 1,410' FWL of Section 19-25N-57E and with an estimated bottom hole located 200' FNL & 700' FWL of Section 6-25N-57E, Richland County, Montana. The "Conaway 2-19H" will be drilled as a single lateral horizontal well to test the Middle Bakken formation, at an estimated true vertical depth of 10,343' and an estimated total measured depth of 31,550'.

Continental has calculated the preliminary working interest ownership in the "Conaway 2-19H" well and related spacing unit based on an attorney's drilling and division order title opinion that has been prepared from research and interpretation of documents filed in the public records of Richland County, Montana. As such, our examination of title calculates you own 19.181954% working interest in the 2518.93 acre spacing unit and proposed well. Your working interest ownership in the above proposed well and related unit may be subject to change based upon any required title curative or adjustments made as the result of any subsequent title examination. As set forth in the enclosed AFE for the "Conaway 2-19H", the estimated costs for this operation are \$17,109,228.75.

Contingent on rig availability, Continental has plans to spud the "Conaway 2-19H" on or before January 3, 2026.

Each working interest owner has thirty (30) days from receipt of this letter to elect to participate in the drilling and completion of the "Conaway 2-19H". Should you elect to participate, please so indicate by executing both this letter and the enclosed AFE and return one copy of each document to Continental within thirty (30) days from receipt.

If you elect not to participate in the proposed operation as outlined herein, please so indicate by executing the enclosed Well Election Ballot and return same to Continental within thirty (30) days from receipt of this letter.

P.O. Box 269091 · Oklahoma City, OK 73126



001002

Page 3 of 10
L13

9414814903411980177379

Phoenix Energy One LLC
October 29, 2025

Please take note that in the event any owner offered an opportunity to participate hereby elects not to participate in the operations for the "Conaway 2-19H" the participating owners plan to impose a risk penalty against the nonparticipating owner as provided by Montana law. 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 hearing with the Montana Industrial Commission.

Should you be interested in assigning your leasehold interest in the proposed spacing unit, please contact the undersigned as soon as possible.

PLEASE BE ADVISED THAT CONTINENTAL DOES NOT PROVIDE WELL CONTROL INSURANCE COVERAGE TO NON-OPERATED PARTIES. Each participating owner in the proposed well shall be responsible for such party's well control insurance coverage.

Should you have any questions, please do not hesitate to contact the undersigned at 405-234-9327 or by e-mail at Blaine.Dutchik@clr.com.

Sincerely,

Continental Resources, Inc.



Blaine Dutchik
Northern Region Landman

Enclosures (3)

P.O. Box 269091 · Oklahoma City, OK 73126

Phoenix Energy One LLC
October 29, 2025

**WELL ELECTION BALLOT TO PARTICIPATE IN THE CONAWAY 2-19H WELL
SECTIONS 6, 7, 18 AND 19-25N-57E
RICHLAND COUNTY, MONTANA**

By participating, you ("Non-Operator") expressly (i) release Continental, or successor Operator, from all losses sustained or liabilities incurred by its operations and activities related directly or indirectly to this proposal and subsequent operations, except as may result from Continental's gross negligence or willful misconduct; and (ii) agree that the liability of the Operator and Non-Operators shall be several, not joint or collective, thus each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the wells subject to this proposal.

Non-Operator agrees to make payment to Operator for its proportionate share of incurred costs contemplated in the enclosed AFE cost estimate within thirty (30) days of Non-Operator's receipt of any actual cost invoice issued by Operator concerning all or any portion of the same. In the event Non-Operator fails to make timely payment of such cost, Non-Operator agrees that such failure shall be conclusively deemed a breach of Non-Operator's election to participate in the operation contemplated hereby, entitling Operator to exercise all remedies at law or in equity, including without limitation and at Operator's sole discretion: (i) the offsetting of Non-Operator's proportionate share of unpaid costs against its proportionate share of production proceeds associated with the operation contemplated hereby and (ii) the statutory pooling of Non-Operator's mineral and/or leasehold interests in the Property/Well, and the recovery of statutory nonparticipation penalties, without protest by Non-Operator. Non-Operator further grants to Operator a lien against Non-Operator's proportionate share of production proceeds and mineral and/or leasehold interests in the Property/Well, to the extent of Non-Operator's proportionate share of unpaid costs regarding the same, which lien Operator shall be entitled to enforce pursuant to the laws of the jurisdiction(s) in which the operations contemplated hereby are to be performed. In the event Non-Operator has executed a joint operating agreement with Operator concerning the operation contemplated hereby, the terms and conditions of such agreement shall control.

(A)

PARTICIPATION AND ELECTION

Elect TO PARTICIPATE by paying my proportionate share of the drilling, completion and equipping costs.

Elect NOT TO PARTICIPATE in the drilling, completion and equipping of the subject well. Thus, I will be subject to allowing pooling of my oil and gas interest and the imposition of the statutory risk penalty.

Phoenix Energy One LLC

Name: Carl Allen

Title: CF

Date: 11/3/25

Return to: Continental Resources, Inc., P.O. Box 269091, OKC, OK 73126
Attn: Blaine Dutchik, Landman



001003

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AUTHORIZATION FOR EXPENDITURE

Well Name:	CONAWAY 2-19H	API Number:	
Operator:	CONTINENTAL RESOURCES INC	SHL:	295' FSL & 1410' FWL of Section 19-025N-057E
Company:	CONTINENTAL RESOURCES INC	BHL:	200' FNL & 700' FWL of Section 6-025N-057E
AFE Number:	DL16887	Formation:	MIDDLE BAKKEN
AFE Creation Date:	05/13/2025	County & State :	Richland / Montana
Project Description:	Drill Horizontal Well	TMD/TVD:	31,550 / 10,343

Cost Description	Code	Drilling	Completion's	Facilities	Total Cost (\$)
Intangible Costs					
RIG COSTS	5000060	\$641,000.00	\$0.00	\$0.00	\$641,000.00
ENVIRONMENTAL AIR CONTROL EQUIPMENT LABOR	5000311	\$0.00	\$0.00	\$2,271.00	\$2,271.00
LOCATION & ROAD CONST. - MATERIALS	5000032	\$115,000.00	\$0.00	\$0.00	\$115,000.00
WORKOVER MISCELLANEOUS LABOR - 3RD PARTY	5000151	\$0.00	\$4,000.00	\$0.00	\$4,000.00
SURFACE RENTAL TOOLS & EQUIP	6000110	\$0.00	\$20,500.00	\$0.00	\$20,500.00
DRILLING FLUIDS/CORROSION INHIBITOR	5000090	\$0.00	\$70,000.00	\$0.00	\$70,000.00
STIMULATION WATER SUPERVISION	5000072	\$0.00	\$7,500.00	\$0.00	\$7,500.00
RENTAL TANKS, PITS, LINERS	5000210	\$9,000.00	\$0.00	\$0.00	\$9,000.00
CONTRACT SUPERVISION	6000600	\$0.00	\$11,000.00	\$0.00	\$11,000.00
ARTIFICIAL LIFT MECHANICAL LABOR	6000581	\$0.00	\$0.00	\$23,963.25	\$23,963.25
MUD LUBE	5000093	\$120,000.00	\$0.00	\$0.00	\$120,000.00
AUTOMATION/SCADA LABOR	6000626	\$0.00	\$0.00	\$16,572.00	\$16,572.00
WIRELINE & PERFORATING SERVICE	5000170	\$0.00	\$650,000.00	\$0.00	\$650,000.00
DOWNHOLE TESTING & ANALYSIS	5000160	\$11,000.00	\$0.00	\$0.00	\$11,000.00
BITS	5000100	\$129,000.00	\$0.00	\$0.00	\$129,000.00
RENTAL TANKS, PITS, LINERS	5000210	\$0.00	\$15,000.00	\$0.00	\$15,000.00
SURFACE RENTAL TOOLS & EQUIP	6000110	\$89,000.00	\$0.00	\$0.00	\$89,000.00
FRAC PLUGS - COMP/DISSOLV	5000102	\$0.00	\$129,000.00	\$0.00	\$129,000.00
FACILITY-CONTRACT SUPERVISION	5000790	\$0.00	\$0.00	\$813.00	\$813.00
DISPOSAL - TRANSPORT SOLIDS	5000362	\$74,000.00	\$0.00	\$0.00	\$74,000.00
LOCATION & ROAD CONSTRUCTION	5000030	\$0.00	\$10,750.00	\$0.00	\$10,750.00
PUMPING SERVICES - HEAT WATER	5000341	\$0.00	\$364,600.00	\$0.00	\$364,500.00
FACILITY MECHANICAL LABOR	5000641	\$0.00	\$0.00	\$231,294.00	\$231,294.00
MISCELLANEOUS TRANSPORTATION - 3RD PARTY TANGIBLE	5000152	\$6,000.00	\$0.00	\$0.00	\$6,000.00
FRESH WATER - NON STIM WATER	5000070	\$0.00	\$729,000.00	\$0.00	\$729,000.00
STIMULATION SERVICES	5000230	\$0.00	\$3,325,092.86	\$0.00	\$3,325,092.86
TANK MOBILIZATION / DEMOBILIZATION / HAUL	5000211	\$0.00	\$20,000.00	\$0.00	\$20,000.00
LOCATION & ROAD CONSTRUCTION	5000030	\$370,000.00	\$0.00	\$0.00	\$370,000.00
RIG COSTS	5000060	\$0.00	\$60,000.00	\$0.00	\$60,000.00
CONTRACT SUPERVISION	5000500	\$95,000.00	\$0.00	\$0.00	\$95,000.00
LEGAL & RECORDING FEES	5000010	\$5,000.00	\$0.00	\$0.00	\$5,000.00
FACILITY DIRECT LABOR/BRDN/EXP	6000740	\$0.00	\$0.00	\$8,762.00	\$8,762.00
WIRELINE & PERFORATING SERVICE	5000170	\$0.00	\$20,000.00	\$0.00	\$20,000.00
FIELD OFFICE - MISCELLANEOUS SUPPLIES	5000471	\$2,000.00	\$0.00	\$0.00	\$2,000.00



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AUTHORIZATION FOR EXPENDITURE

CONAWAY 2-19H

CEMENT & CASING SERVICES - SURFACE/INTERMEDIATE	5000130	\$85,000.00	\$0.00	\$0.00	\$85,000.00
BHA & DOWNHOLE TOOLS	5000101	\$0.00	\$50,000.00	\$0.00	\$50,000.00
ARTIFICIAL LIFT I&E LABOR	5000582	\$0.00	\$0.00	\$10,927.50	\$10,927.50
OIL TRANSFER & HAULING	5000380	\$0.00	\$4,000.00	\$0.00	\$4,000.00
DRILLPIPE/WORKSTRING RENTAL	5000120	\$46,000.00	\$0.00	\$0.00	\$46,000.00
MISC SERVICES/CONTINGENCIES	5000240	\$0.00	\$377,857.14	\$0.00	\$377,857.14
DISPOSAL - TRANSPORT LIQUIDS	5000361	\$30,000.00	\$0.00	\$0.00	\$30,000.00
SURF EQUIP TRANSPORTATION	5000542	\$0.00	\$0.00	\$35,000.00	\$35,000.00
SURFACE RENTAL TOOLS & EQUIP	5000110	\$0.00	\$750,000.00	\$0.00	\$750,000.00
FRESH WATER - NON STIM WATER	5000070	\$0.00	\$6,000.00	\$0.00	\$6,000.00
LOCATION & ROAD CONSTRUCTION	5000030	\$0.00	\$9,000.00	\$0.00	\$9,000.00
SALES LINE INSTALLATION/MAINT	5000690	\$0.00	\$0.00	\$51,142.00	\$51,142.00
SALTWATER DISPOSAL	5000370	\$0.00	\$1,696,747.50	\$0.00	\$1,696,747.50
PRODUCTION FACILITY - RENTAL EQUIPMENT	5000601	\$0.00	\$0.00	\$6,790.00	\$6,790.00
CASING CREW	5000300	\$69,000.00	\$0.00	\$0.00	\$69,000.00
PUMPING SERVICES	5000340	\$0.00	\$369,500.00	\$0.00	\$369,500.00
CONTRACT SUPERVISION	5000500	\$0.00	\$140,000.00	\$0.00	\$140,000.00
DIRECT LABOR	5000610	\$0.00	\$4,000.00	\$0.00	\$4,000.00
FRESH WATER - NON STIM WATER	5000070	\$17,000.00	\$0.00	\$0.00	\$17,000.00
RIG MOBILIZATION / DEMOBILIZATION	5000061	\$557,000.00	\$0.00	\$0.00	\$557,000.00
OVERHEAD	5000800	\$0.00	\$12,000.00	\$0.00	\$12,000.00
STIMULATION- COMPLETION FRAC WATER DISPOSAL	5000366	\$0.00	\$40,000.00	\$0.00	\$40,000.00
FIELD OFFICE EXPENSE	5000470	\$41,000.00	\$0.00	\$0.00	\$41,000.00
CEMENT & CASING SERVICES - PRODUCTION	5000131	\$90,000.00	\$0.00	\$0.00	\$90,000.00
OVERHEAD	5000800	\$30,000.00	\$0.00	\$0.00	\$30,000.00
FACILITY OVERHEAD	5000750	\$0.00	\$0.00	\$33,982.00	\$33,982.00
RESTORATION / RECLAMATION - FINAL	5000031	\$50,000.00	\$0.00	\$0.00	\$50,000.00
TECHNICAL SERVICES - FLOWBACK PRODUCTION	5000142	\$0.00	\$66,000.00	\$0.00	\$66,000.00
PRODUCTION FACILITY - SECONDARY CONTAINMENT	5000602	\$0.00	\$0.00	\$80,287.00	\$80,287.00
DRILLPIPE/WORKSTRING INSPECTION, HARDBANDING	5000121	\$12,000.00	\$0.00	\$0.00	\$12,000.00
FACILITY ELECTRICAL LABOR	5000641	\$0.00	\$0.00	\$20,672.00	\$20,672.00
RIG COST - SNUBBING UNIT	5000064	\$0.00	\$680,000.00	\$0.00	\$680,000.00
DRILLING FLUIDS/CORROSION INHIBITOR	5000090	\$170,000.00	\$0.00	\$0.00	\$170,000.00
LOCATION - INTERIM CLEANUP & MAINTENANCE	5000034	\$25,000.00	\$0.00	\$0.00	\$25,000.00
MISCELLANEOUS TRANSPORTATION - 3RD PARTY TANGIBLE	5000152	\$0.00	\$10,000.00	\$0.00	\$10,000.00
DIRECTIONAL SERVICES/SURVEYS	5000280	\$303,000.00	\$0.00	\$0.00	\$303,000.00
DISPOSAL - LABOR SOLIDS	5000363	\$48,000.00	\$0.00	\$0.00	\$48,000.00
WIRELINE - CASED HOLE LOGS	5000172	\$0.00	\$15,000.00	\$0.00	\$15,000.00
MISC SERVICES/CONTINGENCIES	5000240	\$110,000.00	\$0.00	\$0.00	\$110,000.00
BHA & DOWNHOLE TOOLS	5000101	\$40,000.00	\$0.00	\$0.00	\$40,000.00



AUTHORIZATION FOR EXPENDITURE

CONAWAY 2-19H

BROKER - DAMAGES & ROW	5000022	\$2,500.00	\$0.00	\$0.00	\$2,500.00
WORKOVER MISCELLANEOUS LABOR - 3RD PARTY	5000151	\$18,000.00	\$0.00	\$0.00	\$18,000.00
TECHNICAL SERVICES	5000140	\$0.00	\$20,000.00	\$0.00	\$20,000.00
MUD DIESEL / DISTILLATE	5000092	\$78,000.00	\$0.00	\$0.00	\$78,000.00
FUEL, DIESEL, GAS & PROPANE	5000260	\$146,000.00	\$0.00	\$0.00	\$146,000.00
COMPANY FIELD SUPERVISION	5000860	\$0.00	\$64,800.00	\$0.00	\$64,800.00
BRINE / PW WATER - NON STIM WATER	5000071	\$22,000.00	\$0.00	\$0.00	\$22,000.00
TECHNICAL SERVICES - COMPLETIONS	5000141	\$0.00	\$48,000.00	\$0.00	\$48,000.00
WELL SITE DAMAGES & PREEMPTIVE PAYMENTS	5000020	\$75,000.00	\$0.00	\$0.00	\$75,000.00
DISPOSAL - EQUIPMENT RENTAL	5000365	\$53,000.00	\$0.00	\$0.00	\$53,000.00
FIELD ELECTRIC POWER	5000260	\$0.00	\$64,000.00	\$0.00	\$64,000.00
TUBULAR & ROD TEST/INSPECT	5000290	\$0.00	\$5,000.00	\$0.00	\$5,000.00
TECHNICAL WORK, ENGINEERING & DESIGN	5000543	\$0.00	\$0.00	\$20,000.00	\$20,000.00
DISPOSAL - MATERIALS, FLASH	5000364	\$10,000.00	\$0.00	\$0.00	\$10,000.00
Total Intangible Costs		\$3,788,500.00	\$9,858,247.50	\$542,475.75	\$14,189,223.25

Tangible Costs					
MEASUREMENT LACT MATERIALS	5000685	\$0.00	\$0.00	\$194,235.00	\$194,235.00
TUBING	5000550	\$0.00	\$62,000.00	\$0.00	\$62,000.00
AUTOMATION/SCADA EQUIPMENT	5000626	\$0.00	\$0.00	\$151,574.00	\$151,574.00
INTERMEDIATE CASING	5000620	\$556,000.00	\$0.00	\$0.00	\$556,000.00
FACILITY ELECTRICAL MATERIALS	5000640	\$0.00	\$0.00	\$193,106.00	\$193,106.00
COOLERS	5000604	\$0.00	\$0.00	\$57,114.00	\$57,114.00
WELLHEAD EQUIPMENT	5000560	\$0.00	\$75,000.00	\$0.00	\$75,000.00
PRODUCTION CASING/LINER	5000530	\$695,000.00	\$0.00	\$0.00	\$695,000.00
ARTIFICIAL LIFT I&E MATERIALS	5000583	\$0.00	\$0.00	\$23,593.50	\$23,593.50
FACILITY MECHANICAL MATERIALS	5000600	\$0.00	\$0.00	\$182,510.00	\$182,510.00
ESP EQUIPMENT	5000585	\$0.00	\$0.00	\$250,000.00	\$250,000.00
ENVIRONMENTAL AIR CONTROL EQUIPMENT	5000605	\$0.00	\$0.00	\$40,288.00	\$40,288.00
WELLHEAD EQUIPMENT	5000660	\$35,000.00	\$0.00	\$0.00	\$35,000.00
FLOWLINE/VALVES/CONNECTIONS	5000610	\$0.00	\$0.00	\$292,585.00	\$292,585.00
PACKERS & SUBSURFACE EQUIP	5000570	\$0.00	\$36,000.00	\$0.00	\$36,000.00
SURFACE CASING	5000510	\$76,000.00	\$0.00	\$0.00	\$76,000.00
Total Tangible Costs		\$1,362,000.00	\$173,000.00	\$1,385,005.50	\$2,920,005.50

Total Gross Costs	\$5,150,500.00	\$10,031,247.50	\$1,927,481.25	\$17,109,228.75
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Note: The above costs are estimates only. Actual costs will be billed as incurred.



201005

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AUTHORIZATION FOR EXPENDITURE

CONAWAY 2-19H

Company Name:	Phoenix Energy
By:	
Printed Name:	Curtis Allen
Title:	CFO
Date:	11/3/25

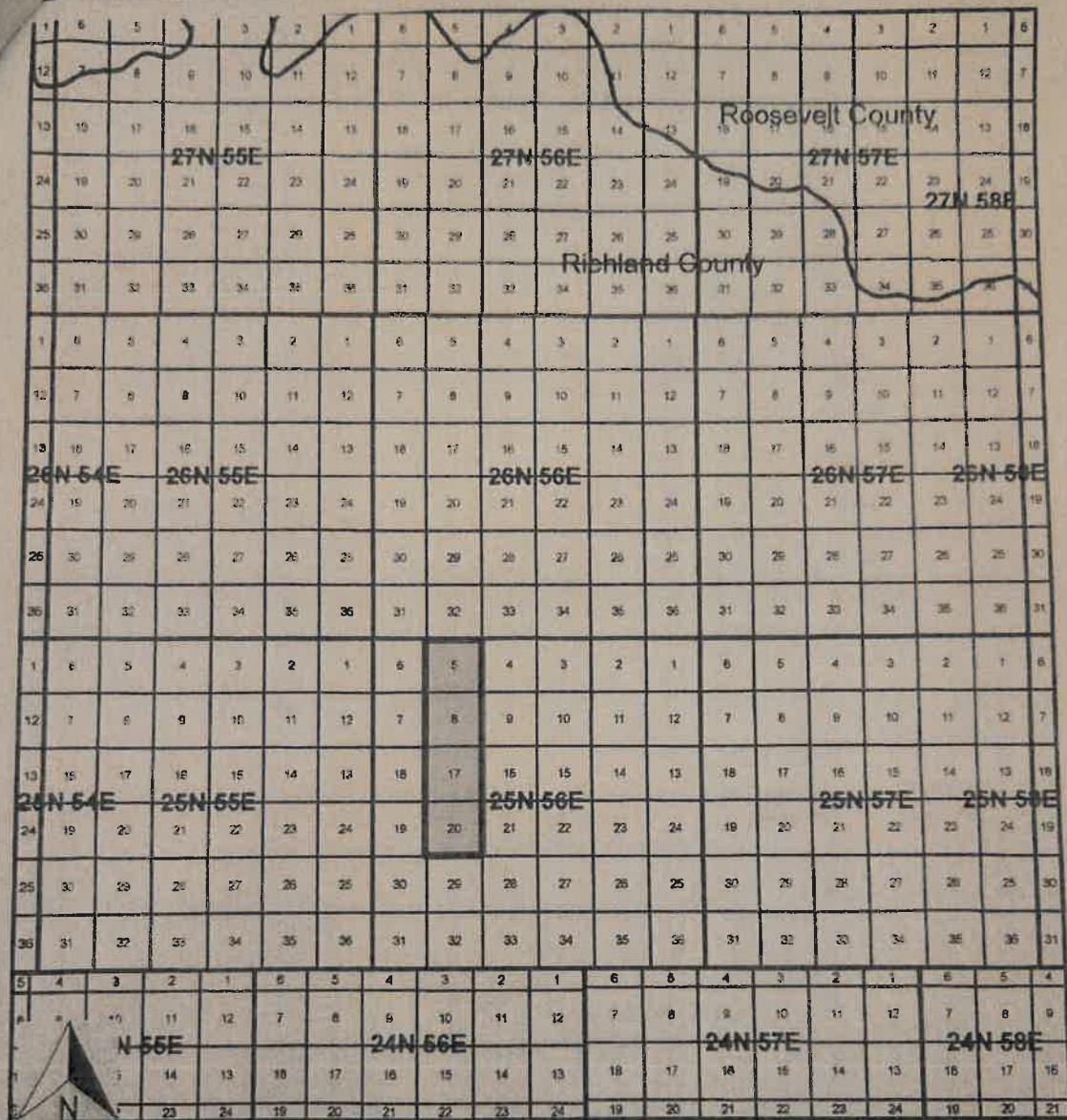


Application for Temporary Spacing Unit Consisting of
All of Sections 5, 8, 17 and 20, Township 25 North, Range 56 East
and Allow a 200' Setback at the Heel and Toe for the Drilling of a
Horizontal Bakken/Three Forks Well
Roosevelt County, Montana

Application for Authorization to Drill up to Three Additional Horizontal
Bakken/Three Forks Formation Wells in the Spacing Unit Comprised of
All of Sections 5, 8, 17 and 20, Township 25 North, Range 56 East,
Roosevelt County, Montana at any location not closer than 200' Setback at
the Heel and Toe and 500' to the exterior boundaries of said spacing unit

BA-56
6
7
18
19
Department of Natural Resources
And Conservation
Board of Oil & Gas Conservation
Of the State of Montana
Docket No. 462-2025
Docket No. 463-2025

December 11, 2025



Regional Location Map

T25N-R56E Sections 5, 8, 17 & 20
Richland County, Montana

Continental
RESOURCES

Exhibit L-1
Docket No. 462-2025
Docket No. 463-2025

Ownership Summary

Township 25 North, Range 56 East
 All of Sections 5, 8, 17 & 20
 Richland County, Montana

05-B 317.02 AC	05-A 158.30 AC
05-C 160.00 AC	
08-B 320 AC	08-A 320 AC
17-A 320 AC	
17-B 160 AC	17-C 160 AC
20-B 80 AC	20-A 240 AC
20-C 320 AC	

Recapitulation

Tract #	Type	Acres	Interest
05-A	(Fee)	158.30	6.19%
05-B	(Fee)	317.02	12.42%
05-C	(Fee)	160.00	6.26%
08-A	(Fee)	320.00	12.52%
08-B	(Fee)	320.00	12.52%
17-A	(Fee)	320.00	12.52%
17-B	(Fee)	160.00	6.26%
17-C	(Fee)	160.00	6.26%
20-A	(Fee)	240.00	9.40%
20-B	(Fee)	80.00	3.13%
20-C	(Fee)	320.00	12.52%
Total		2,555.32	100.00%

Working Interest Summary

Owner	Leasehold Net Acres	Working Interest
Continental Resources, Inc.	4.00	0.16%
Other	2,551.32	99.84%
Total	2,555.32	100.00%

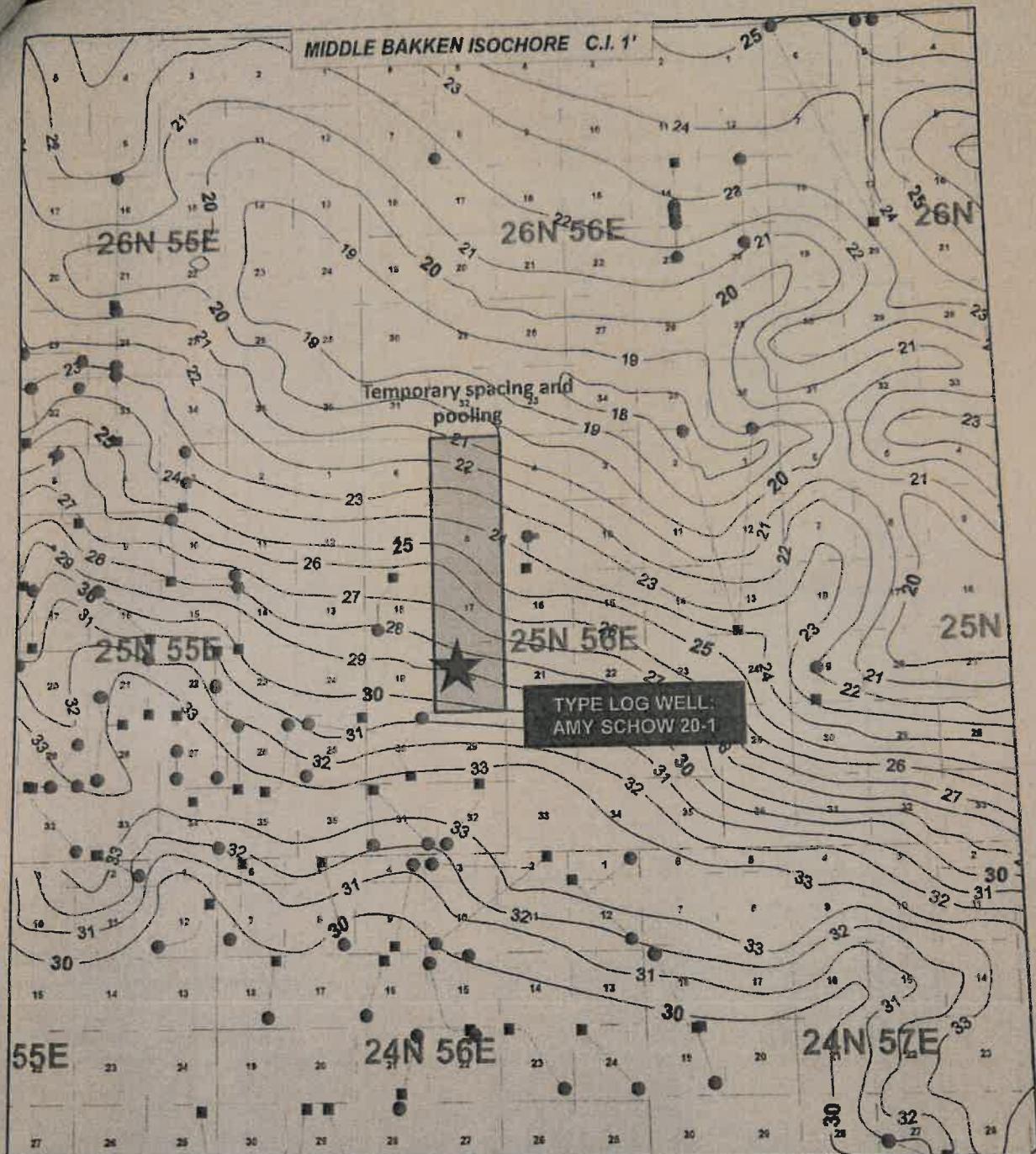


Proposed 2,555.32-acre
 Temporary Spacing Unit

 Continental
 RESOURCES

Exhibit L-2
 Docket No. 462-2025
 Docket No. 463-2025

Unit Acreage Total - 2,555.32 Acres



Proposed 2560-acre
Spacing & Pooling Unit

Middle Bakken Horizontal Wellbore
Black Square = SHL, Green Circle = BHL

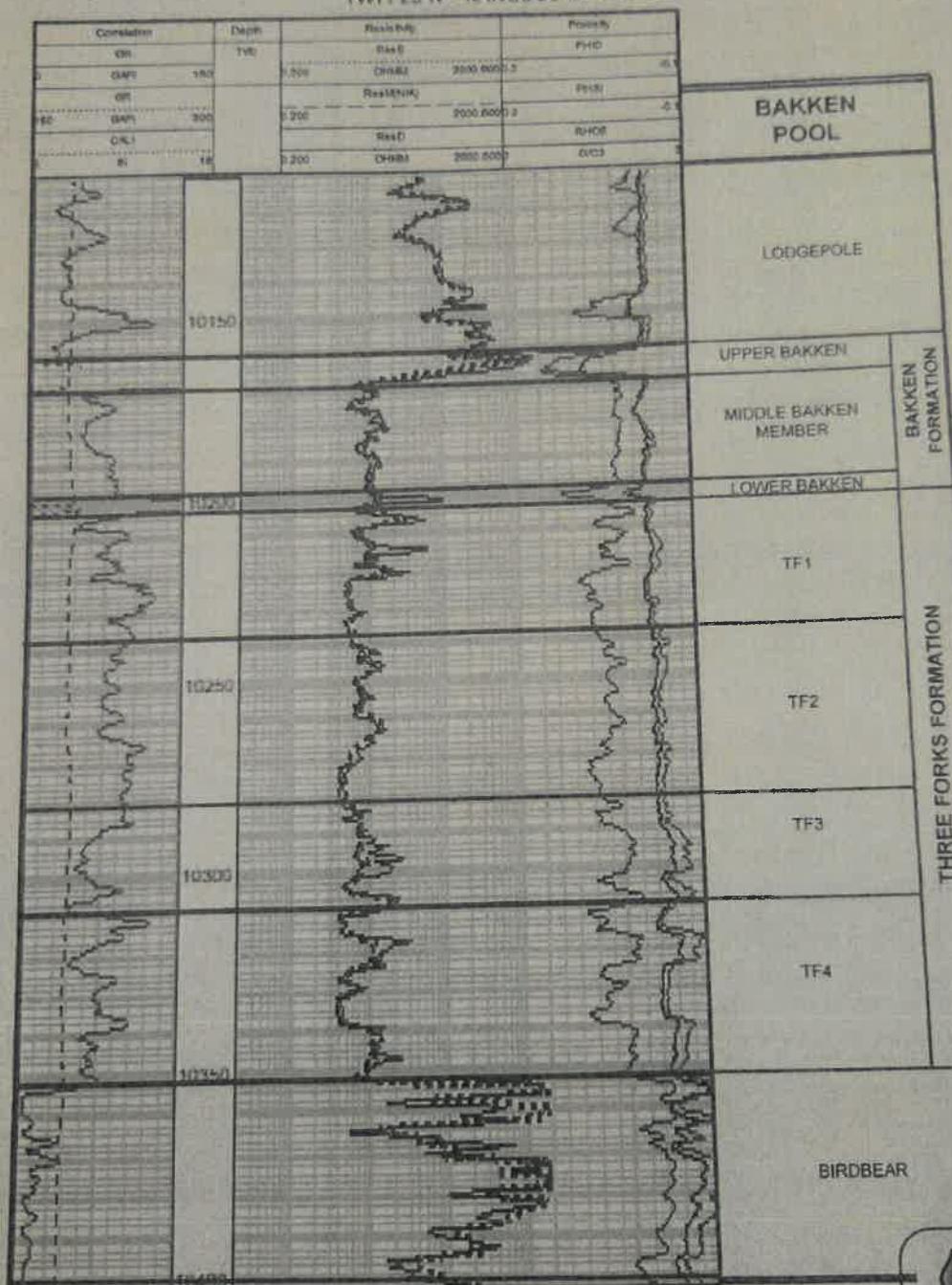
★ Type Well

Continental
RESOURCES

Docket No. 462-2025
Docket No. 463-2025
Geologist: Jenny Blake
Exhibit - G-2



AMY SCHOW 20-1
1981 FNL 1982 FWL
TWP: 25 N - RANGE 56 E - Sec. 20



TD=12400.00

Continental
RESOURCES
Docket No. 462-2025
Docket No. 463-2025
Geologist: Jenny Blake

Exhibit - G-3

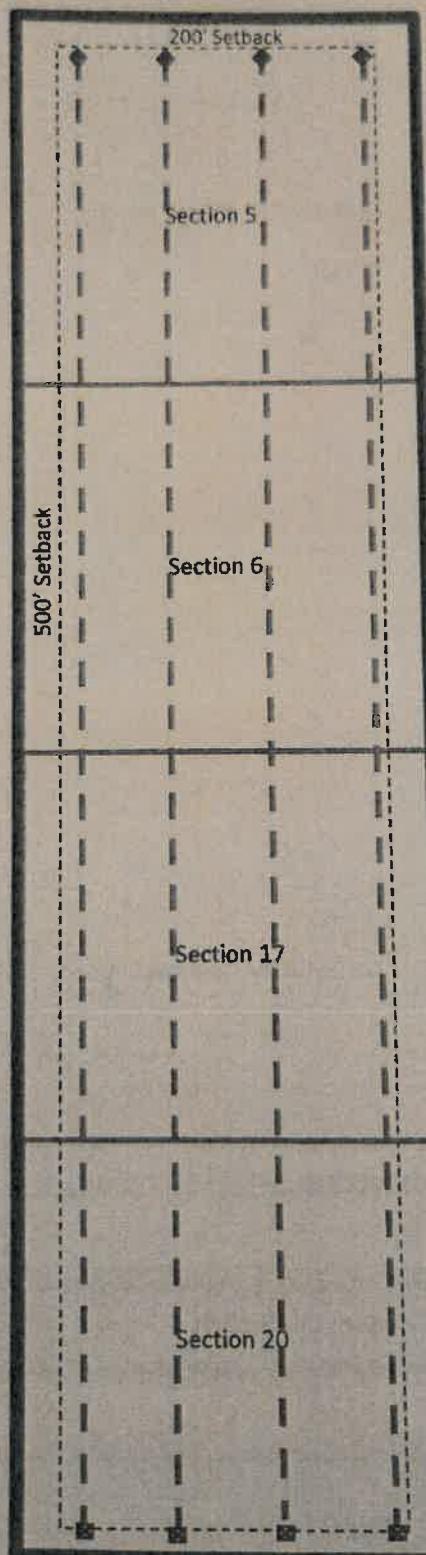
PROPOSED DIRECTIONAL WELL PLOT

2560-Acre Spacing Unit

Sections 5, 6, 17, 20 - 25N - 56E

Richland County, MT

Exact Location of
Lateral Well Bore may
change based on
topographical and/or
cultural restrictions



Note: The B.H.L and S.H.L.
Are non-specific, made for
field rules found on the APD
(Approved Drilling Permit)

- Future Bakken/Three Forks Lateral
- Middle Bakken Lateral
- ☒ 7" Casing Point
- Surface Location
- ◆ Bottom Hole Location
- Section Line



Exhibit E-1
Docket No. 462 & 463 -202



Exhibit E-2

Docket No. 462 & 463-2025

Exact Design of Wellbore may change based on Engineering Judgement and Management Approval

Drilling Schematic	MD	TVD	Casing/Hole Size	
			1	2
			20", 94#, J55, Conductor 13 1/2" Hole to 1610'	
			9 5/8" 40# J-55 BTC surface casing 8 3/4" Hole to LP	
			4-1/2" Liner Top ~50' above KOP KOP	
			7", 32#, P110ICY, BTC int casing to LP	
			4-1/2", 13.5#, P110ICY, TAP Liner to TD	
			20000' Cemented Lateral	
			6" Hole to TD	

Continental Resources, Inc.
 Sections 5, 6, 17, 20 - 25N - 56E
 Richland County, Montana

RESERVES BASIS:

	Proposed wells
Reservoir	4 Mile MB
Initial Rate	1,000
Final rate	1
Decline Rate	70
Exponent	0.8
GOR	1,542
EUR Oil	764
EUR Gas	1,178
EUR	959

GROSS ECONOMICS

Oil Price	\$60.00	\$/bbl Wellhead
Gas Price	\$3.00	\$/mcf Wellhead
Drilling Costs	14,000	M\$
Operating Cost	8,700	\$/month
Working Interest	100	%
Revenue Interest	83	%
NPV@10%	5,973	M\$
IRR	46	%
Discounted Payout	1.5	Years



Exhibit E-3
 Docket No. 462 & 463-2025

BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 32279
ORDER NO. 35634

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
PHOENIX OPERATING LLC FOR AN
ORDER AMENDING THE APPLICABLE
ORDERS FOR SOUTH MEADOW-BAKKEN
POOL TO AUTHORIZE UP TO FOUR WELLS
TO BE DRILLED ON A PREVIOUSLY
ESTABLISHED 1280-ACRE SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7,
T.158N., R.96W., WILLIAMS COUNTY, ND,
OR GRANTING SUCH OTHER RELIEF AS
MAY BE APPROPRIATE.

ORDER OF THE COMMISSION

THE COMMISSION FINDS:

(1) This cause came on for hearing at 9:00 a.m. on the 23rd day of October, 2025.

(2) Phoenix Operating LLC (Phoenix) made application to the Commission for an order amending the applicable orders for South Meadow-Bakken Pool to authorize up to four wells to be drilled on a previously established 1280-acre spacing unit described as Sections 6 and 7, Township 158 North, Range 96 West, Williams County, North Dakota (Sections 6 and 7), or granting such other relief as may be appropriate.

(3) Case Nos. 32279 and 32171 were combined for hearing purposes.

(4) Case No. 32171 originally came on for hearing on September 26, 2025. Counsel for Continental Resources, Inc. (Continental) filed a motion on September 23, 2025 to continue this case to the regularly scheduled hearing in October 2025. There were no objections, the hearing examiner granted the request, and this case was scheduled for hearing on October 23, 2025. Case No. 32171 is an application by Continental for an order for the Hanson and/or South Meadow-Bakken Pool to create and establish two overlapping 2560-acre spacing units comprised of Sections 6, 7, 18, and 19, Township 159 North, Range 96 West (Sections 6-159-96, 7-159-96, 18, and 19); and Sections 6 and 7 and Sections 30 and 31, Township 159 North, Range 96 West (Sections 30 and 31), Williams County, North Dakota, authorizing the drilling of a total not to exceed five wells on each proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.





Outlook

NDIC Case Nos. 32171 & 32279 - Petition for Reconsideration

From Etter, Mary <METter@fredlaw.com>

Date Mon 12/29/2025 8:51 AM

To Anderson, Nathan D. <ndanderson@nd.gov>

Cc Case Applications <caseapps@nd.gov>; mprestri@blm.gov <mprestri@blm.gov>; S. Thomas Throne <tthrone@thronelaw.com>; Bender, Lawrence <LBender@fredlaw.com>; Hughes, Bethany <BHughes@fredlaw.com>; Guevara, Shellsea <SGuevara@fredlaw.com>

1 attachment (582 KB)

CLR's Reply Brief ISO Petition for Reconsideration - Case Nos. 32171 & 32279-c.pdf;

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Good Morning,

Please find Continental Resources, Inc.'s Reply Brief in Support of Petition for Reconsideration and Certificate of Service for filing and service in the above referenced cases.

Thank you,
Mary

Mary Etter
Legal Administrative Assistant to Jason R.S. Cassady,
Justin G. Hughes, and Spencer D. Ptacek
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Fredrikson's Bismarck office has moved, please note our new address.

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BEFORE THE INDUSTRIAL COMMISSION
OF THE STATE OF NORTH DAKOTA

CASE NO. 32171

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
CONTINENTAL RESOURCES, INC. FOR AN
ORDER FOR THE HANSON-BAKKEN POOL
AND/OR SOUTH MEADOW-BAKKEN POOL,
WILLIAMS COUNTY, ND, TO CREATE AND
ESTABLISH TWO OVERLAPPING 2560-
ACRE SPACING UNITS COMPRISED OF
SECTIONS 6, 7, 18 AND 19, T.159N., R.96W.;
AND SECTIONS 30 AND 31, T.159N., R.96W.
AND SECTIONS 6 AND 7, T.158N., R.96W.,
AUTHORIZING THE DRILLING OF A
TOTAL NOT TO EXCEED FIVE WELLS ON
EACH PROPOSED OVERLAPPING 2560-
ACRE SPACING UNIT, AND SUCH FURTHER
RELIEF AS APPROPRIATE.

CASE NO. 32279

IN THE MATTER OF A HEARING CALLED
ON A MOTION OF THE COMMISSION TO
CONSIDER THE APPLICATION OF
PHOENIX OPERATING LLC FOR AN ORDER
AMENDING THE APPLICABLE ORDERS
FOR SOUTH MEADOW-BAKKEN POOL TO
AUTHORIZE UP TO FOUR WELLS TO BE
DRILLED ON A PREVIOUSLY
ESTABLISHED 1280-ACRE SPACING UNIT
DESCRIBED AS SECTIONS 6 AND 7, T.158N.,
R.96W., WILLIAMS COUNTY, ND, OR
GRANTING SUCH OTHER RELIEF AS MAY
BE APPROPRIATE.

CONTINENTAL RESOURCES, INC.'S
REPLY BRIEF IN SUPPORT OF PETITION FOR RECONSIDERATION

I. INTRODUCTION

Continental Resources, Inc. ("Continental") submits this Reply Brief in support of its Petition for Reconsideration of Order No. 34860 and Order No. 35034 entered by the North Dakota

Industrial Commission (“Commission”) on November 25, 2025 in the above-referenced cases (the “Orders”). The primary—and dispositive—issue on reconsideration is straightforward: The Commission’s decision relied upon well-cost testimony submitted by Phoenix Operating LLC (“Phoenix”) that Phoenix now admits was false (or, at minimum, materially inaccurate). That well-cost testimony drove the Commission’s comparative economic findings and, in turn, the Commission’s rationale for granting Phoenix’s application and denying Continental’s.

Phoenix’s response does not meaningfully dispute that the Commission relied on Phoenix’s well-cost evidence. Instead, Phoenix attempts to justify presenting inaccurate cost testimony in North Dakota by claiming Continental has allegedly done something similar in a separate Montana proceeding before the Montana Board of Oil and Gas Conservation (“MBOGC”). That defense fails as a matter of law and sound administrative practice. The Commission cannot sit in judgment of matters alleged to have transpired in Montana. Any dispute about testimony presented in Montana must be raised and adjudicated in Montana, before the MBOGC, under Montana law and procedure.

The Commission is not being asked to adjudicate a collateral controversy. It is being asked to do what every agency must do when it learns its decision was premised on false or materially misleading evidence, *i.e.*, correct the error. The Commission can do so by reversing its decision—denying Phoenix’s request and granting Continental’s request—either without a hearing (on the existing written record and undisputed post-hearing admissions) or after a rehearing if the Commission believes further process is warranted.

II. SUMMARY OF THIS REPLY

A. Phoenix’s own filings confirm that its testimony was false.

Phoenix’s hearing testimony concerning well costs (including the \$6.3 million estimate and \$630/lateral-foot figure relied upon in the Orders) was not true. Phoenix now

characterizes the hearing numbers as “conservative estimates” and supplies new “updated AFEs” and new cost figures. That is an admission the hearing evidence was inaccurate.

B. The materiality of Phoenix’s false testimony is undeniable.

The Commission expressly relied on the parties’ cost testimony to compare economics (capex per foot, NPV, IRR) and then relied on those economics to choose Phoenix over Continental. If the cost inputs were false, the economic comparison is unreliable, and so are the Orders.

C. Phoenix’s allegations about out-of-state operations are irrelevant and improper as a defense.

Even if Phoenix substantiates its claims about Continental’s operations in Montana (it has not here, admitting it lacks a transcript), such evidence would not authorize Phoenix to submit false or misleading evidence of its own to this Commission.

D. Reconsideration is exactly suited to address the issues raised in Continental’s petition.

N.D.C.C. § 28-32-40 authorizes reconsideration. When an agency learns its decision rested on false or materially inaccurate evidence, it cannot simply ignore that new information without placing its order at risk on judicial review under N.D.C.C. § 38-08-14(3).

E. Continental’s petition was not intended to be threatening or disrespectful.

Observing that courts reverse agency orders when they are not supported by substantial evidence is not an attack on the Commission. It is recognition of the governing standard of review and the Commission’s opportunity to correct an evidentiary error before unnecessary litigation. The Commission’s expertise and policy judgment are best applied to an accurate factual record, which Continental has endeavored to supply to the Commission at the hearing and through this petition.

III. RELEVANT BACKGROUND—WHAT THE COMMISSION RELIED UPON, AND WHAT PHOENIX NOW ADMITS

The Orders relied on Phoenix's cost and economic testimony as key support for the finding that Phoenix's wells had "superior economics," and the Commission's stated preference for Phoenix's two-mile plan. The Orders memorialize the cost testimony and the resulting economic comparison. Order No. 34860, ¶¶ 22-25; Order No. 35034, ¶¶ 22-25.

Since the hearing, Phoenix has shifted its position in two significant ways. First, Phoenix sent AFE/invitation materials, including a cash call, reflecting a substantially higher well cost than Phoenix represented at hearing (Continental's Petition describes \$8,407,200 per well—about 33% higher than \$6,300,000). *See Decl. Matt Callaway, Ex. 1, pp. 5-14.* The AFEs stated that "**THE AMOUNTS PRESENTED ARE PHOENIX'S BEST ESTIMATES BASED ON CURRENT MARKET CONDITIONS & PLANNED OPERATIONS.**" *Id. pp. 8, 10, 12, 14* (emphasis in original). After receiving Continental's petition for rehearing, however, Phoenix claims the original AFEs were "conservative," provides "updated AFEs," and asserts a new estimated cost of \$6,989,733 and \$700/lateral-foot. *See Decl. Eric Shivey, ¶¶ 3-4, Ex. 1.*

The updated AFEs present new "**BEST ESTIMATES**" containing significant revisions to Phoenix's prior best estimates without explanation. *Id.* For example, Phoenix's "Completion" costs drop nearly 25%, from \$2,817,000/well to \$2,138,000/well. Phoenix's "Facilities" costs drop even further, over 33%, from \$2,211,150/well to \$1,478,418/well.¹ And even though Phoenix characterizes its new AFEs as "a less conservative estimate" than the original AFEs, two of the

¹ This decrease is masked by the fact that in the new AFEs Phoenix shifts several line items from its "Land / Regulatory" column to its "Facilities" column, namely, "IDC Road/Location/Survey," "TFC Well Connection/3P Midstream," and "TFC Overhead Power." *Compare, e.g., Decl. Matt Callaway, Ex. 1, pp. 7-8, with, e.g., Decl. Eric Shivey, Ex. 1, pp. 1-2.* These line items actually increase in the new AFEs from a total of \$420,000/well to \$564,166/well. *Id.*

five cost categories actually increase, namely “Land / Regulatory” and “Artificial Lift.”² See Decl. Eric Shivey, ¶¶ 3–4.

These shifting numbers compel reconsideration. Phoenix is no longer standing behind the hearing cost testimony that the Commission relied upon. Phoenix’s attempt to re-label inaccurate hearing testimony as a permissible “conservative estimate” does not cure the defect. The Orders must be grounded in substantial and credible evidence—not evidence later admitted to be wrong. N.D.C.C. § 38-08-14(3).

IV. LEGAL STANDARD FOR RECONSIDERATION AND THE COMMISSION’S DUTY TO CORRECT AN ORDER BASED ON FALSE EVIDENCE

Under N.D.C.C. § 28-32-40, an aggrieved party may petition for reconsideration, and the agency may grant it “on such terms as it may prescribe,” including dissolving or amending the final order.

On judicial review, Commission orders must be sustained only if the Commission has regularly pursued its authority and its findings and conclusions are supported by law and by substantial and credible evidence. N.D.C.C. § 38-08-14(3). When an agency becomes aware—after issuing an order—that it relied upon false or materially misleading evidence in making key findings, it cannot simply disregard that new information without jeopardizing the “substantial evidence” foundation for its order. *See, e.g., Alberta Gas Chemicals, Ltd. v. Celanese Corp.*, 650 F.2d 9, 12–13 (2d Cir. 1981) (explaining why agencies have the inherent power and obligation to correct a judgment obtained by fraud).

² The increase in the “Land / Regulatory” column of costs is masked by the fact that Phoenix shifts several line items from this column to the “Facilities” column, as explained in note 1, *supra*.

The Commission has an opportunity now to correct the record and correct the Orders. It may do so on reconsideration without a hearing, or it may grant a rehearing if it concludes further development of the record is necessary. N.D.C.C. § 28-32-40(4).

V. ARGUMENT

A. The primary issue is not “AFEs are estimates”—it is that the Commission relied on cost testimony Phoenix now concedes was not true.

Phoenix’s objection is largely an argument that: (i) AFEs are estimates; (ii) estimates can be “conservative”; therefore (iii) Phoenix’s hearing cost testimony was not “false.”

Framing the objection in that manner misses the point. The issue is not whether costs estimates can vary. The issue is that Phoenix presented a specific cost figure (and per-foot figure) to the Commission as the basis for an economic comparison and the Commission relied on that figure to make a comparative finding and select Phoenix’s proposal. Now, Phoenix disavows its own hearing testimony by submitting materially different “updated” costs.

When an agency decision turns on comparative economics and the costs used to compute those economics are admitted to be inaccurate, the agency’s reliance on that evidence is inherently unreliable. No amount of rhetoric about “conservative estimates” fixes an order that is based on numbers the proponent now says should be replaced with different numbers.

Put simply, Phoenix cannot have it both ways. It cannot (a) win an order by persuading the Commission on one set of cost numbers and then (b) preserve that win by admitting those numbers were not accurate but calling that “appropriate.”

B. Phoenix’s “Montana” accusations are legally irrelevant and cannot excuse false testimony in North Dakota.

Phoenix attempts to shift the focus to allegations about Continental’s testimony in a Montana proceeding. Even taking Phoenix’s assertions at face value, this defense fails for the following reasons.

1. Wrong forum / wrong tribunal.

The Commission is not a court of general jurisdiction and cannot sit in judgment of what allegedly occurred before the MBOGC. If Phoenix believes Continental provided inaccurate testimony in Montana, Phoenix's remedy is to pursue it in Montana, before the MBOGC, under Montana law and procedures.

2. Lack of competent evidence.

Phoenix admits it does not even have a transcript and speculates it will be available "in approximately 2 weeks or more." Speculation about what a transcript might show is not evidence, and it certainly cannot justify the Commission ignoring concrete, post-hearing admissions about Phoenix's own cost numbers in these North Dakota cases. If the Commission does deem Continental's Montana operations to be relevant to these applications, Continental would be happy to present a witness on the topic at a rehearing.

3. "They did it too" is not a defense.

Even if Phoenix could prove misconduct by another party elsewhere, that would not authorize Phoenix to submit false or misleading testimony here. Administrative adjudication is not governed by retaliation principles. The Commission's obligation is to decide those two matters before it on substantial and credible evidence.

Accordingly, the Commission should disregard Phoenix's Montana accusations as a legally irrelevant collateral attack designed to distract from the controlling issue—the Commission's reliance on Phoenix's incorrect cost testimony in issuing the Orders.

C. Because the cost testimony was false and material, the Commission can and should correct the Order now.

The Commission's stated rationale was premised on Phoenix having "superior economics" and producing "increased oil recovery," which the Commission believed better prevented waste

and better protected correlative rights. Order No. 34860, ¶¶ 22-25; Order No. 35034, ¶¶ 22-25.

Phoenix's hearing costs were foundational to that "superior economics" finding.

Now that Phoenix admits the hearing calculations were not accurate, the Commission is presented with a clear choice. Either correct the decision now by vacating/reversing the Order on reconsideration (deny Phoenix's request; grant Continental's request), using accurate cost information, or leave the Orders in place despite knowledge that they rest on materially inaccurate cost evidence, thereby subjecting the Orders to reversal on appeal for lack of substantial and credible evidence. N.D.C.C. § 38-08-14(3).

The Commission has the authority to act either without a hearing (if it concludes the admissions and revised numbers are sufficient to show the original economic finding is unreliable) or after a rehearing (if it prefers to take additional evidence). N.D.C.C. § 28-32-40(4). Either path is available. What is not a sound option for the Commission is to knowingly maintain orders whose key factual premise has been undermined by the prevailing party's own post-hearing admissions.

D. Continental's observation about reversal risk is not disrespectful—it is the ordinary application of the governing standard of review.

Phoenix characterizes Continental's Petition as a "threat of appeal" and a critique of the Commission. That is incorrect. Stating that an order is vulnerable on appeal when it relies on false or materially inaccurate testimony is not an insult. It is merely pointing out the practical consequence of the statutory standard of review and the requirement that administrative findings be supported by substantial and credible evidence. N.D.C.C. § 38-08-14(3). Continental's request is respectful and a matter of ordinary post-hearing procedure. Continental requests the Commission use reconsideration to correct a record-based defect now so that the Commission may apply its own technical and policy expertise to an accurate record, rather than forcing judicial review of the matter by a court later.

E. Phoenix’s new AFEs do not obviate the need for reconsideration or rehearing.

Phoenix responded to Continental’s petition for rehearing by sending Continental “updated AFEs” for the subject wells. Decl. Eric Shivey, ¶ 4. Phoenix’s original AFEs estimate that each of the subject wells will cost \$8,407,200, while Phoenix’s new AFEs estimate that each of the subject wells will cost \$6,989,734. *See* Decl. Matt Callaway, Ex. 1; Decl. Eric Shivey, Ex. 1.

In opposition to Continental’s petition for reconsideration, Phoenix’s petroleum engineer Eric Shivey states that the original AFEs were “conservative estimates of what these wells may cost only,” and he states that the updated AFEs “give a less conservative estimate of the costs of drilling and completing … the Lord Wells,” but notes that “these are also just conservatively estimated costs.” Decl. Eric Shivey, ¶¶ 3–4. But the AFEs themselves contradict Mr. Shivey’s testimony; each is accompanied by a signed statement from Phoenix’s “Chief Executive Officer” David Scadden that “the amounts presented are Phoenix’s best estimates based on current market conditions [and] planned operations.” Decl. Eric Shivey, Ex. 1 (emphasis removed).

To resolve Continental’s petition for reconsideration, the Commission must separate the truth from the falsehood in Phoenix’s statements. The original AFEs cost estimates of \$8,407,200 (or \$840-per-foot) are the most credible of the three now before the Commission for several reasons. They were issued immediately after the hearing on Phoenix’s applications and certified as Phoenix’s “best estimates based on current market conditions and planned operations.” They included a cash call to be paid within thirty days of receipt. And they are most likely to be free from bias. Phoenix had no incentive to inflate its costs when issuing the original AFEs, whereas Phoenix plainly had an incentive to minimize costs at the hearing and in response to Continental’s petition, given that lower costs would make its application more attractive to the Commission. Accordingly, the Commission should find that the most accurate estimate of Phoenix’s cost-per-well is \$8,407,200 and, for the reasons set forth in Continental’s petition, that Phoenix’s wells will

be more costly (and thus less economic) than Continental's. If the Commission does not intend to make such a finding on motion papers alone, it may set a date for rehearing as explained below.

If the Commission finds that Phoenix's wells will cost \$8,407,200, then its Orders should be reversed. The Orders conclude that, under N.D.C.C. § 38-08-07(4), Phoenix's proposal will prevent waste, avoid the drilling of unnecessary wells, and protect correlative rights because of their "superior economics" and "increased oil recovery." As argued in Continental's initial brief, the well cost estimates in Phoenix's original AFEs show that Phoenix's economics are in fact *inferior* to Continental's. *See* Continental's Petition for Reconsideration, pp. 7–9. And Phoenix now concedes that Continental's proposed development of the spacing unit will result in an 11.6% greater recovery of oil. *See* Objection of Phoenix to Petition for Reconsideration, p. 4. Accordingly, as argued in Continental's petition for reconsideration, the true facts of this case show that Phoenix's proposal will not prevent waste, avoid the drilling of unnecessary wells, or protect correlative rights. The Commission should reverse the Orders and issue new orders in favor of Continental. Phoenix's new AFEs, issued in hasty and misguided attempt to mitigate the false evidence it has submitted to the Commission, do not warrant denial of Continental's petition for reconsideration.

F. Phoenix's procedural complaints about timing and notice do not defeat reconsideration.

Phoenix objects that Continental proposed a hearing date one week after filing and suggests a rehearing would occur "without notice by publication." Continental is not requesting the Commission to shortcut notice requirements. The Commission controls its docket and procedures.

More importantly, the Commission can grant reconsideration and correct the Orders without a hearing if it determines the record (including Phoenix's admissions and revised numbers) demonstrates the prior decision relied on false cost testimony. If the Commission prefers a

rehearing, it can schedule one at any time and with whatever notice it deems appropriate. N.D.C.C. § 28-32-40(4).

Phoenix's notice concerns are therefore not a basis to deny reconsideration. They are merely scheduling points within the Commission's discretion.

VI. REQUESTED RELIEF

For the foregoing reasons and those set forth in its opening brief, Continental respectfully requests that the Commission:

1. Grant Continental's Petition for Reconsideration under N.D.C.C. § 28-32-40;
2. Vacate/reverse Order Nos. 34860 and 35034 because they relied on Phoenix's false or materially inaccurate well-cost testimony, which Phoenix now admits should be replaced with different cost calculations;
3. Issue amended orders that reflect the true well costs and correct economic comparison, denying Phoenix's request and granting Continental's request; and
4. Grant such further and additional relief as the Commission deems just and proper, including (if the Commission finds it necessary) setting the matter for rehearing on an appropriate schedule. N.D.C.C. § 28-32-40(4).

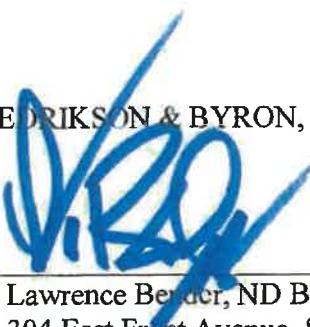
In the alternative, Continental requests that the Commission grant its Petition for Reconsideration, vacate Order Nos. 34860 and 35034, and set a date for a rehearing focused on the true costs of Phoenix's wells and on determining the relative economics of Phoenix's and Continental's proposals. Phoenix's development of the subject lands should also be stayed pending the rehearing and a decision thereon. If Continental's petition is denied, by order or by inaction, Continental believes it will have no choice but to promptly appeal and seek a stay pending appeal in order to preserve its rights and avoid irreparable injury.

VII. CONCLUSION

The Commission's Orders rest on a central factual premise—Phoenix's asserted well costs—that Phoenix now acknowledges were not accurate. The Commission has an opportunity to correct an evidentiary error that goes to the heart of its comparative-economics analysis. Correcting factual errors through the reconsideration process is consistent with the Commission's statutory duties, preserves the integrity of its process, and avoids needless judicial review.

DATED this 29th day of December, 2025.

FREDRIKSON & BYRON, P.A.

By 

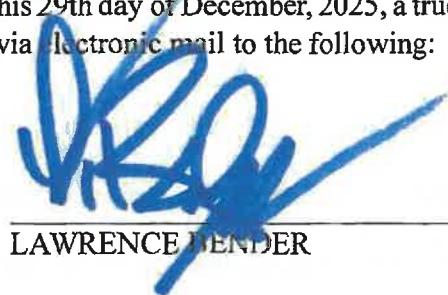
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Attorney for Continental Resources, Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 29th day of December, 2025, a true and correct copy of the foregoing document was forwarded via electronic mail to the following:

S. Thomas Throne
tthrone@thronelaw.com



LAWRENCE BENDER



Industrial Commission of North Dakota

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

TO: Industrial Commission Members
FR: Executive Director Karen Tyler
DT: January 6, 2026
RE: North Dakota Mill and Elevator President and CEO Search Process

At the December 17, 2025, Industrial Commission meeting, Mill President and CEO, Vance Taylor, provided the Commission with notice of his planned retirement date of July 3, 2026.

Beginning on December 18, 2025, a number of meetings were held with staff from the State Procurement Office for the purpose of drafting and publishing the Request for Proposal to provide executive search services to the state for the Mill President/CEO position. An excerpt from the RFP details the schedule as follows:

1.4 RFP SCHEDULE

EVENT	DATE and TIME
RFP issued	January 5, 2026
Deadline for submission of Questions and Objections	January 12, 2026 by 1:00 PM CT
Solicitation Amendment with responses to Questions issued approximately (if required)	January 14, 2026
Optional site inspection	January 21, 2026
Deadline for receipt of proposals (Solicitation Closing)	January 30, 2026 by 1:00 PM CT
Demonstrations or presentations. (if needed)	February 3, 2026 – February 4, 2026
Proposal evaluation completed by approximately	February 11, 2026
Contract Discussions (See Section 5.10).	February 16, 2026
Notice of intent to award issued approximately	February 18, 2026
Secretary of State Registration, if determined to be required.	Prior to Contract Signing
Contract start approximately	February 27, 2026

Upon the selection of an executive search firm with proven experience recruiting President/CEO level executives in the agriculture manufacturing sector, including milling, baking, pasta production, and related commodities trading, the following schedule and deliverables will be targeted:

- Contract Start: February 27, 2026
- Kick-off meeting date to be mutually agreed upon by successful search firm contractor and the search committee within one week of the signed contract
- Contractor submits first progress report and meets to discuss with search committee approximately March 13, 2026
- Contractor will submit weekly progress reports throughout the contract period and will include status of candidate sourcing and screening
- Contractor will be available to participate in and provide updates during search committee meetings as scheduled
- Contractor will provide list of potential final candidates and meet to discuss with search committee approximately week of April 27, 2026
- Final interviews with Commission early May 2026
- Candidate offer extended approximately week of May 18, 2026, through May 22, 2026

The Position Specifications document for the North Dakota Mill and Elevator President and CEO is attached to this memo. A copy of the draft RFP is also attached.

I would like to thank Sherry Neas, Seth Westby, and Abby Dschaak from the State Procurement Office for their work and support in prioritizing the drafting and publication of this important and time sensitive RFP for executive search services for the position of Mill President and CEO.

KT

Position Specifications

Position Title: **President and CEO**

North Dakota Mill and Elevator Association

Reports To: **Industrial Commission of North Dakota, Comprised of the Governor, Attorney General, and Commissioner of Agriculture**

About the North Dakota Mill and Elevator Association

The North Dakota Mill and Elevator Association is a state-owned and operated milling enterprise located in Grand Forks, North Dakota. Established in 1919 and beginning operations in 1922, it is now the largest single site flour mill in North America, processing 40 million bushels of top-quality spring wheat and durum into over 2 billion pounds of finished product annually. The Mill's market area currently covers the United States, the Caribbean Islands, and the Pacific Rim.

The Mill's statutory purpose is "encouraging and promoting agriculture, commerce, and industry" by engaging in the business of manufacturing and marketing farm products.

The North Dakota Mill facilities include ten milling units, a terminal elevator, a midds storage and handling facility, and a packing warehouse to prepare bagged products for shipment. All Mill facilities are located in Grand Forks and have been financed from operating profits.

With ten milling units, the Mill produces and ships over 60,500 cwt. of milled products daily. In addition, the Mill ships over 16,500 cwt. of food grade bran and wheat midds daily. The Mill cleans, processes and mills 130,000 bushels of top quality North Dakota wheat daily. On an annual basis, the Mill adds value to 40 million bushels of spring and durum wheat.

The terminal elevator has a storage capacity for 5.3 million bushels of wheat. The terminal elevator blends, cleans and transfers wheat to the ten milling units and provides wheat storage for the Mill.

The milling units operate 24 hours daily, on a three-shift basis, six and seven days a week. 80% of the Mill's flour and semolina is shipped in bulk rail cars and trucks. 20% of the Mill's finished products are packaged in 5, 10, 25, and 50 pound bags and large tote bags for shipment via boxcars and trucks. The Mill sells a line of bread machine and pancake mixes for retail trade and also has an organic certification and processes organic wheat of organic products.

The North Dakota Mill receives no funds or financial assistance from the State of North Dakota to subsidize the milling operations. Selling value-added milled wheat products to bakery and pasta customers as well as retail and food service suppliers generates all operating funds. Over 90% of sales revenues are derived from customers outside the state to create value-added income for the State of North Dakota.

Oversight of the North Dakota Mill and Elevator Association

The Mill operates under the oversight of the Industrial Commission of North Dakota which is comprised of the Governor who acts as Chairman, the Attorney General, and the Commissioner of Agriculture. The role of the Commission is to conduct and manage, on behalf of the State of North Dakota, certain utilities, industries, enterprises and business projects.

Economic Impact

In fiscal year 2025, between grain payments to North Dakota farmers, purchases from other North Dakota based suppliers, and the cost of salaries and benefits for Mill employees, the Mill had a direct economic impact in the region of over \$334 million. Indirect economic impact as measured by a North Dakota State University study was more than \$1 billion.

The North Dakota Mill and Elevator Association has contributed in excess of 50% of its profits to the North Dakota State General Fund in the past 50 years and continues to be a valuable asset to the State of North Dakota.

The President and Chief Executive Officer Role

The **Mill President & Chief Executive Officer (President/CEO)** reports to the North Dakota Industrial Commission, comprised of the Governor, the Attorney General, and the Commissioner of Agriculture. The position is responsible for the overall strategic and operational performance of the Mill.

The **President/CEO** is responsible for the management of the enterprise, leads the implementation and achievement of the Mill's current and future strategic direction and ensures delivery of strategic and operational key performance results and outcomes across the enterprise.

The **President/CEO** provides leadership for the Executive Team to work in partnership across their service areas, to lead and implement continuous improvements in business processes, leveraging industry innovations, and ensure exceptional delivery of customer services and a return on investment to the Mill's owners – the citizens of North Dakota.

The **President/CEO** is accountable for developing new business opportunities and sustaining valuable relationships with suppliers and customers to ensure the Mill's continuous success.

The **President/CEO** has a thorough understanding of the legislative process and leads the implementation of budgets passed by the North Dakota Legislature, and capital improvements approved by the Industrial Commission.

Essential Leadership Functions

The position of **Mill President/CEO** is invested with broad responsibilities and authority in leading the Mill's operations:

Major Responsibilities include:

- Strategic Leadership
- Financial Management Oversight
- Strategic Planning and Direction
- Plant Operation and Safety Oversight
- Business Development
- Executive Leadership and People Management
- Audit, Risk Management and Compliance Oversight
- Corporate and Social Responsibility

Minimum Education and Experience

Executive Level. The **Mill President/CEO** position requires the education, experience, talent and mindset to drive growth and profitability of the largest single-site milling operation in North America, and ensure that appropriate management and employee teams and operational systems are in place for delivering exceptional quality products and services.

The position requires a minimum of an undergraduate degree in marketing, business, milling science or a closely related field. Completion of an advanced degree is desirable.

A minimum of ten years management experience in milling or food processing with specific experience in: sales and marketing of value-added food products and by-products; risk management of grain inventory positions and futures hedging; new product development; process control; and other related food/milling activities.

Other Position Information

The Mill employs a staff of 172. Of this number, 120 are plant positions and 47 are office and supervisory positions. Of the 120 plant positions, 111 are union members. The President/CEO leads the staff through 6 direct reports:

- Chief Financial Officer
- Vice President, Grain Procurement
- Vice President, Sales
- Vice President, Transportation
- Vice President, Quality Assurance & Technical Services
- Vice President, Production Operations

The Mill's current annual operating budget is \$108.4 million.

Personal Characteristics Desired

- The highest ethics and integrity; strength of character to hold self and others accountable to high standards of performance.
- Highly developed communication skills: an excellent listener who is also an accomplished presenter, both orally and in written communications.
- Proven leadership ability: can articulate a shared vision and obtain buy-in..
- Inspires others to high standards of operational effectiveness and efficiency.
- Outstanding interpersonal skills: ability to work with a wide variety of constituents and develop good rapport with suppliers, customers, team members, and other stakeholders.
- Visionary and strategic thinker.
- Strong work ethic and sense of commitment and dedication.
- Intelligence, maturity, common sense, and good judgment.
- Fair, even and impartial; acts and responds factually and without bias.

Compensation and Benefits

The Mill will offer the successful candidate a highly competitive compensation package that includes salary and performance bonus, and a comprehensive benefits package. Benefits provided by the State of North Dakota include fully paid medical insurance for the employee and dependents, including prescription drug coverage and preventative health care features. Voluntary dental and vision plans are also available. The State also offers competitive retirement plans, including a Defined Contribution Plan, a voluntary deferred compensation plan, and a basic life insurance plan. The State also offers a generous paid-time-off (PTO) policy for sick leave, vacation, and holidays.