



RBC Capital Markets, LLC
 Scott Hanold, CPA (Analyst)
 (512) 708-6354
 scott.hanold@rbccm.com

JB Jouve (Associate)
 (512) 708-6357
 jb.jouve@rbccm.com

Kurt Hallead (Analyst)
 (512) 708-6356
 kurt.hallead@rbccm.com

Victor Marchon (Analyst)
 (713) 292-5368
 victor.marchon@rbccm.com

Leo Mariani (Analyst)
 (512) 708-6381
 leo.mariani@rbccm.com

Jacques Rousseau (Analyst)
 (703) 787-9014
 jacques.rousseau@rbccm.com

RBC Dominion Securities Inc.

Mike Harvey (Analyst)
 (403) 299-6998
 michael.harvey@rbccm.com

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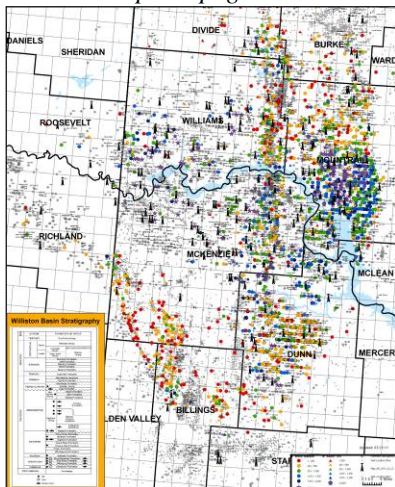
This report is priced as of market close October 11, 2011 ET.

All values in U.S. dollars unless otherwise noted.

For Required Conflicts Disclosures please see page 13.

Well Activity Maps

Detailed maps on pages 5-6



Source: NDIC, Company Reports, & RBCCM

Bakken & Three Forks Update

Williston Basin Results & News: October 2011

Production Results & Activity

Production: In August, North Dakota production increased to a record 444,142 bbls/d and 461.6 MMcf/d, which is up 6% sequentially and up 35% / 40% YoY. In Montana, production is running at a steady 64,000 bbls/d and 212 MMcf/d (*more details, page 2*). In Canada, Bakken oil & natural gas production is at around 75,000 boe/d.

Rig Counts: After a bogged down 1H11 due to severe weather, activity picked up again during the summer. The U.S. Williston rig count is at 204 but was higher at points during 2Q11 (*more details, page 3*). In Canada, there are 22 rigs active drilling the Bakken trend.

Well Performance: Average quarterly well performance is poised to set a record in 3Q11 with 93 wells showing initial production of 1,711 boe/d, which is 32% better than the prior 18-month average. (*well maps & details, page 4-5*). In Canada, peak calendar well rates in the Bakken generally continue trend into a 100 – 150 bbl/d range.

Results of Note:

- BEXP: Irgens 27-34 2H: 2,906 boe/d (Three Forks; Williams County)
- BEXP: Storvik 7-6-1H: 2,066 boe/d (Bakken; Richland County - Montana)
- GEOI: Rasmussen 1-21-16H: 835 boe/d (Bakken; Williams County)
- KOG: Koala area wells tested at 3,412 and 2,514 boe/d (Bakken; McKenzie County)
- NFX: Wisness Federal 152-96-4-2H: 5,200 boe/d (Bakken; McKenzie County)
- WLL: 35 Lewis & Clark area wells average 1,044 boe/d (Three Forks)

In The News

Sliding Sleeve vs. Plug & Perf. Revolutionary or Evolutionary. Operators see efficiencies and technology could overcome concern on well performance (*more details, page 7*).

Lewis & Clark: A closer look at well performance and potential (*more details, page 6*).

Other News: Success Expands Activity; Environmental Concerns Over Waste Pits & Gas Flaring; Man Camp Moratoriums in Place; Sand Shortages (*more details, pages 8-9*).

Bakken & Three Forks Acreage and Relative Exposure

We have identified 42 oil & gas operators with leasehold totalling over 8.4 million net acres.

The highest relative investment exposure includes OAS, NOG, PBN, and WLL. Our top coverage ideas for Williston Basin stock ownership are BEXP, CPG, KOG, & NOG.

Company	Ticker	Net Acres	Acre / EV	Acre / Equity	EV / Acre	Acre / Share	Company	Ticker	Net Acres	Acre / EV	Acre / Equity	EV / Acre	Acre / Share
Continental Resources	CLR	901,370	95.6	102.4	\$10,457	4.99	MDU Resources	MDU	90,000	18.1	24.6	\$55,314	0.48
Hess Corporation	HES	900,000	41.6	49.5	\$24,050	2.65	Williams Companies	WMB	89,420	3.7	6.1	\$99,999+	0.15
Crescent Point	CPG	793,600	68.2	72.8	\$14,666	2.80	Painted Pony	PPY	82,000	146.2	139.1	\$6,842	1.38
Whiting Petroleum	WLL	680,137	128.7	160.8	\$7,773	5.79	Magnum Hunter	MHR	80,623	113.6	199.4	\$8,802	0.64
EOG Resources	EOG	600,000	24.7	29.1	\$40,466	2.23	Triangle Petroleum	TPLM	72,000	1,412	448.3	\$708	1.68
ConocoPhillips	COP	460,000	4.5	5.2	\$99,999+	0.34	GeoResources	GEOI	46,000	110.6	99.5	\$9,040	1.81
Exxon Mobil Corp	XOM	410,000	1.1	1.1	\$99,999+	0.08	Encore Energy Partners	ENP	38,284	45.7	46.2	\$21,867	0.84
Marathon Oil Corp	MRO	395,000	24.0	24.4	\$41,712	0.55	GMX Resources	GMXR	35,524	73.4	275.9	\$13,618	0.58
Brigham Exploration	BEXP	375,800	114.3	123.2	\$8,749	3.20	Resolute Energy	REN	33,415	44.4	48.4	\$22,531	0.55
Oasis Petroleum	OAS	303,231	150.3	148.4	\$6,656	3.28	American Standard	ASEN	30,800	166.8	169.1	\$5,995	0.78
PetroBakken Energy	PBN	275,200	87.8	196.0	\$11,385	1.47	U.S. Energy Corp	USEG	29,618	521.7	470.4	\$1,917	1.09
Chesapeake Energy	CHK	275,000	9.3	16.4	\$99,999+	0.42	Voyager Oil & Gas	VOG	28,000	268.7	231.6	\$3,722	0.48
Denbury Resources	DNR	266,000	40.5	59.3	\$24,710	0.66	Samson Oil & Gas	SSN	21,200	149.4	108.8	\$6,694	0.01
Enerplus Corporation	ERF	230,000	47.6	52.7	\$21,021	1.28	Abraxas Petroleum	AXAS	20,835	63.8	88.0	\$15,685	0.23
SM Energy	SM	204,000	45.8	51.5	\$21,857	3.20	Vanguard Natural Res	VNR	18,262	9.9	24.9	\$99,999+	0.61
Occidental Petroleum	OXY	200,000	3.1	3.2	\$99,999+	0.25	Epsilon Energy	EPS	17,700	184.0	155.2	\$5,435	0.36
Northern Oil & Gas	NOG	155,000	132.8	124.6	\$7,530	2.45	Linn Energy LLC	LINE	17,000	1.9	2.8	\$99,999+	0.10
Newfield Exploration	NFX	150,000	18.2	27.0	\$54,942	1.11	Unit Corporation	UNT	13,400	6.3	7.2	\$99,999+	0.28
EnCana Corporation	ECA	110,496	5.1	8.0	\$99,999+	0.15	Earthstone Energy Inc.	ESTE	12,640	758.6	625.3	\$1,318	7.38
Kodiak Oil & Gas	KOG	93,500	90.5	96.5	\$11,054	0.45	Arsenal Energy	AEI	7,495	75.9	75.9	\$13,175	0.05
QEP Resources	QEP	90,000	13.9	18.0	\$71,910	0.51	Black Hills Corp	BKH	6,500	2.4	5.4	\$99,999+	0.16

Source: RBC Capital Markets, Company Reports, FactSet.

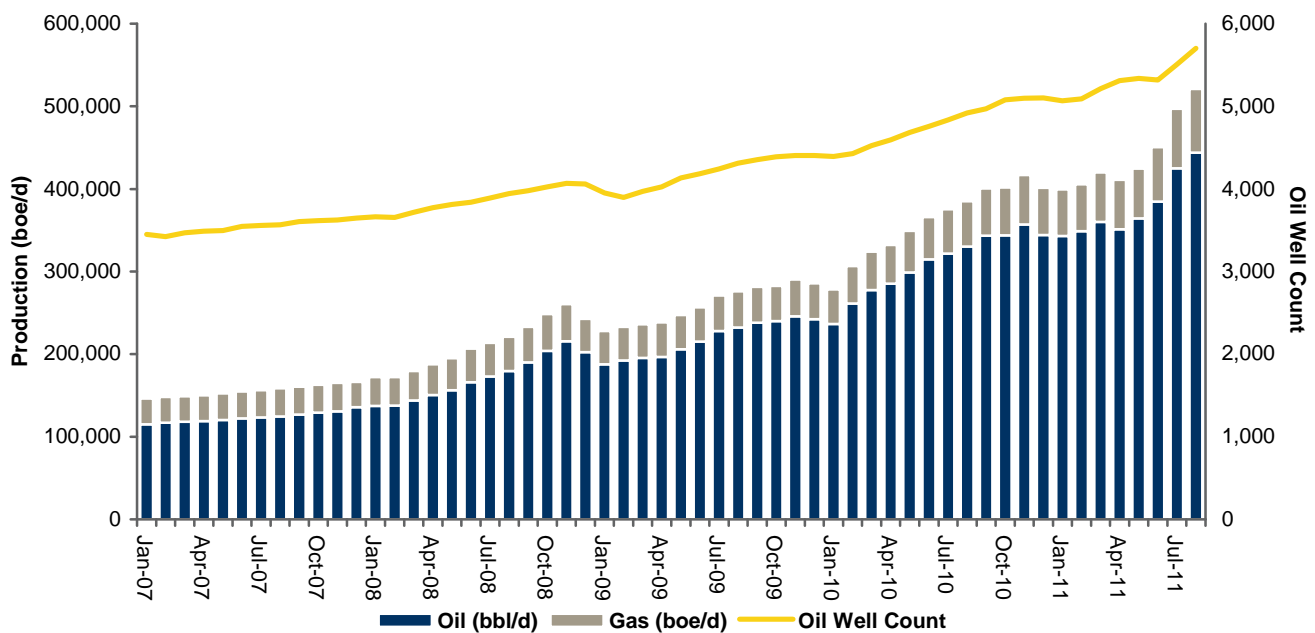
North Dakota & Montana Production

Production in the North Dakota saw a rapid increase during the late summer months as operators were able to accelerate drilling and completion activities following one of the “worst” winter and springs on record. In August, production increased to a record 444,142 bbls/d and 461.6 MMcf/d, which was up 6% sequentially and up 35% / 40% over last year. In Montana, production is running at a steady 64,000 bbls/d and 212 MMcf/d.

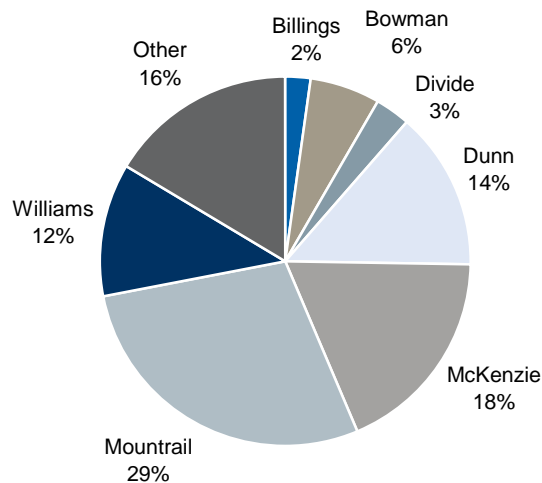
There are around 5,700 oil wells currently producing, up by 781 wells from last year. We expect the rig count to remain above 200 over the next 12 months, providing for around 2,000 new wells to be drilled. The backlog of well completions should come down as operators become more experienced, use pad drilling, and utilize more sliding sleeve completions.

Weather permitting, we think North Dakota production could exceed 475,000 bbls/d by YE11 and 600,000 by YE12. Several infrastructure projects are underway that should increase oil takeaway capacity to around 600,000 bbls/d (YE11) and 900,000 bbls/d (YE12). There are announced projects that could provide as much as 1.3 MMbbls/d of takeaway by the end of 2014 but we think production peaks at around 850,000 - 900,000 bbls/d.

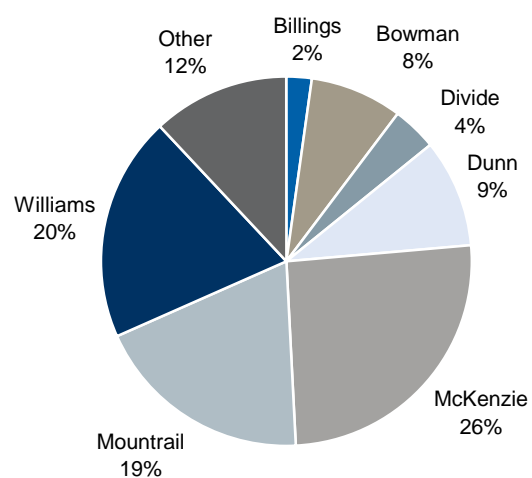
Exhibit 1: North Dakota Monthly Oil & Gas Production (boe/d)



Crude Oil Production by County



Natural Gas Production by County



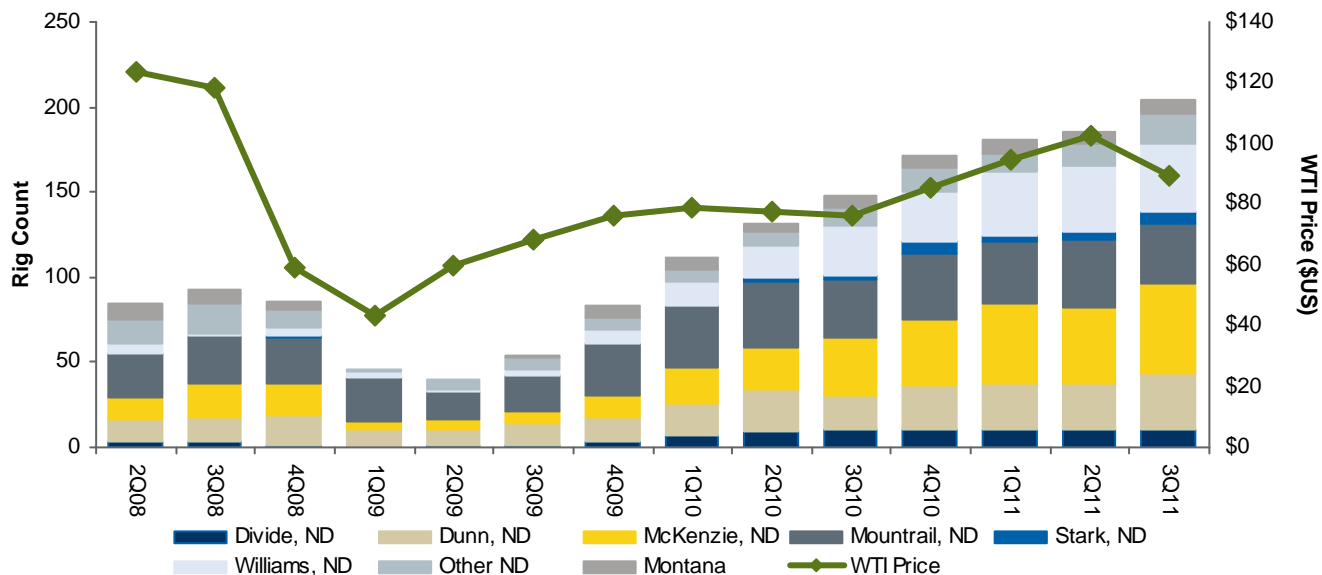
Source: RBC Capital Markets estimates and North Dakota Industrial Commission.

Williston Basin Rig Activity

Rigs counts also rose quickly following the severe 1H11 weather pattern. The North Dakota & Montana rig count now sits at 204 but had reached 210 at certain points during 2Q11. Most activity still resides in North Dakota, accounting for 196 active rigs but we expect to see Montana start increasing more due to initial positive horizontal drilling results in the Bakken.

While oil prices have shown some downward pressures recently, we still see a general commitment to this basin as the rate of returns are still strong at \$80/bbl. However, sustained pricing below these price levels will put downward pressure on drilling activity. Based on operator plans and funding capabilities, we expect the U.S. Williston Basin rig count to increase next year to around 215 rigs assuming our \$90/bbl WTI price forecast. Denbury Resources has announced plans to scale back its activity from 7 rigs to 3 rigs by 2H12 as it reallocates capital to a stock buy-back program.

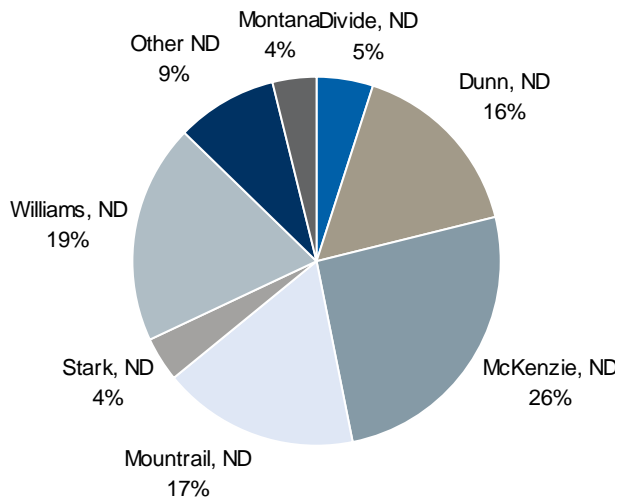
Exhibit 2: North Dakota & Montana Rig Counts by County



Current Rig Counts by Operator

Top Operators	Rigs	Top Operators	Rigs
Continental Res	23	ConnocPhillips	5
Whiting Petroleum	17	Enerplus Corp	4
Brigham Exploration	14	Kodiak Oil & Gas	4
Hess Corporation	13	Newfield Exploration	4
Occidental Petroleum	12	Samson Oil	4
EOG Resources	11	Williams Companies	4
Petro Hunt	10	QEP Resources	3
Oasis Petroleum	8	SM Energy	3
Denbury Resources	7	Hunt Oil	3
Slawson Exploration	7	Chesapeake Energy	2
Exxon Mobil	7	Other Operators	33
Marathon Oil	6	Total	204

Current Rig Counts by County



Source: North Dakota Industrial Commission, Company Reports and RBC Capital Markets estimates.



Williston Basin Well Results: Peak 24-Hour IP Rates

Average quarterly well performance is poised to set a record in 3Q11 with initial production at 1,711 boe/d, which is 32% better than the prior 18-month average. Williams, McKenzie, and Dunn Counties all show the strongest improvements.

Exhibit 3: Quarterly Average Initial Production Rates by Operator (Bakken & Three Forks Combined)

Operator	3Q11		2Q11		1Q11		4Q10		3Q10		2Q10		1Q10		4Q09		Prior		TOTAL ALL	
	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg
BEXP	17	2,541	10	2,478	10	3,079	6	3,352	13	2,893	13	2,688	9	2,813	5	2,219	19	832	102	2,389
CLR	8	1,367	26	1,051	25	1,024	32	831	28	912	23	1,057	17	1,069	6	1,242	104	445	269	789
COP	0	0	2	2,457	5	2,459	4	1,974	5	2,083	3	1,916	6	1,732	7	1,374	87	512	119	889
DNR	2	2,289	11	1,716	5	1,577	5	2,164	4	932	6	1,239	1	2,532	1	1,462	36	442	71	1,031
EOG	0	0	6	1,177	21	963	21	527	34	770	34	840	5	383	12	440	162	1,155	295	974
ERF	2	692	1	868	1	548	5	1,718	3	1,382	3	1,373	1	775	3	774	10	737	29	1,039
Helis	0	0	1	3,006	2	1,921	2	2,228	2	2,830	0	0	0	0	0	0	10	605	17	1,354
HES	0	0	11	734	20	1,049	15	976	26	950	9	1,367	8	988	13	586	156	314	258	563
Hunt Oil	0	0	4	530	1	511	3	383	5	731	4	1,236	1	898	1	838	23	1,030	42	900
KOG	6	3,039	3	1,868	1	399	3	1,429	3	1,489	1	1,513	2	1,458	3	749	8	1,013	30	1,592
MDU	0	0	2	977	4	666	0	0	3	946	1	1,103	4	837	2	762	23	644	39	724
MRO	8	1,291	9	1,169	10	484	7	453	9	1,304	10	1,259	10	728	6	612	131	413	200	591
Murex	1	1,339	1	925	1	1,681	3	2,030	1	295	5	859	2	1,186	2	907	27	571	43	796
NFX	2	3,125	9	2,623	6	2,472	4	2,994	6	2,074	5	2,901	5	2,365	2	1,491	13	712	52	2,071
OAS	2	2,941	2	1,017	4	911	8	1,937	9	1,596	7	1,452	2	744	1	1,193	18	211	53	1,095
OXY	0	0	1	410	9	527	4	466	8	1,680	7	1,419	5	497	3	1,057	22	272	59	713
Petro-Hunt	4	798	7	674	6	749	3	447	6	907	5	1,106	3	1,404	3	859	25	460	62	694
QEP	2	2,047	2	883	3	1,192	1	1,148	4	1,118	2	1,864	1	1,405	1	841	1	949	17	1,293
Slawson	2	1,325	11	1,443	8	1,216	6	1,364	13	1,379	10	1,201	9	1,366	7	1,084	29	783	95	1,147
SM	1	3,411	0	0	3	729	5	1,337	3	711	4	627	3	758	0	0	47	280	66	490
Ursa	0	0	0	0	6	1,312	0	0	0	0	0	0	0	0	0	0	0	0	6	1,312
WLL	24	1,342	11	1,922	26	1,597	19	2,143	26	2,057	20	2,250	15	2,615	11	2,320	89	1,364	241	1,744
XOM	4	1,483	8	999	9	1,011	9	764	10	856	14	875	11	909	7	932	76	653	148	790
Zenergy	0	0	8	1,185	5	1,271	3	1,408	7	1,104	6	935	2	1,160	3	959	5	755	39	1,086
Other	8	688	12	662	11	639	12	506	12	517	10	646	5	697	5	261	82	251	157	411
Total	93	1,711	158	1,335	202	1,224	180	1,241	240	1,280	202	1,334	127	1,377	104	1,053	1203	624	2,509	978

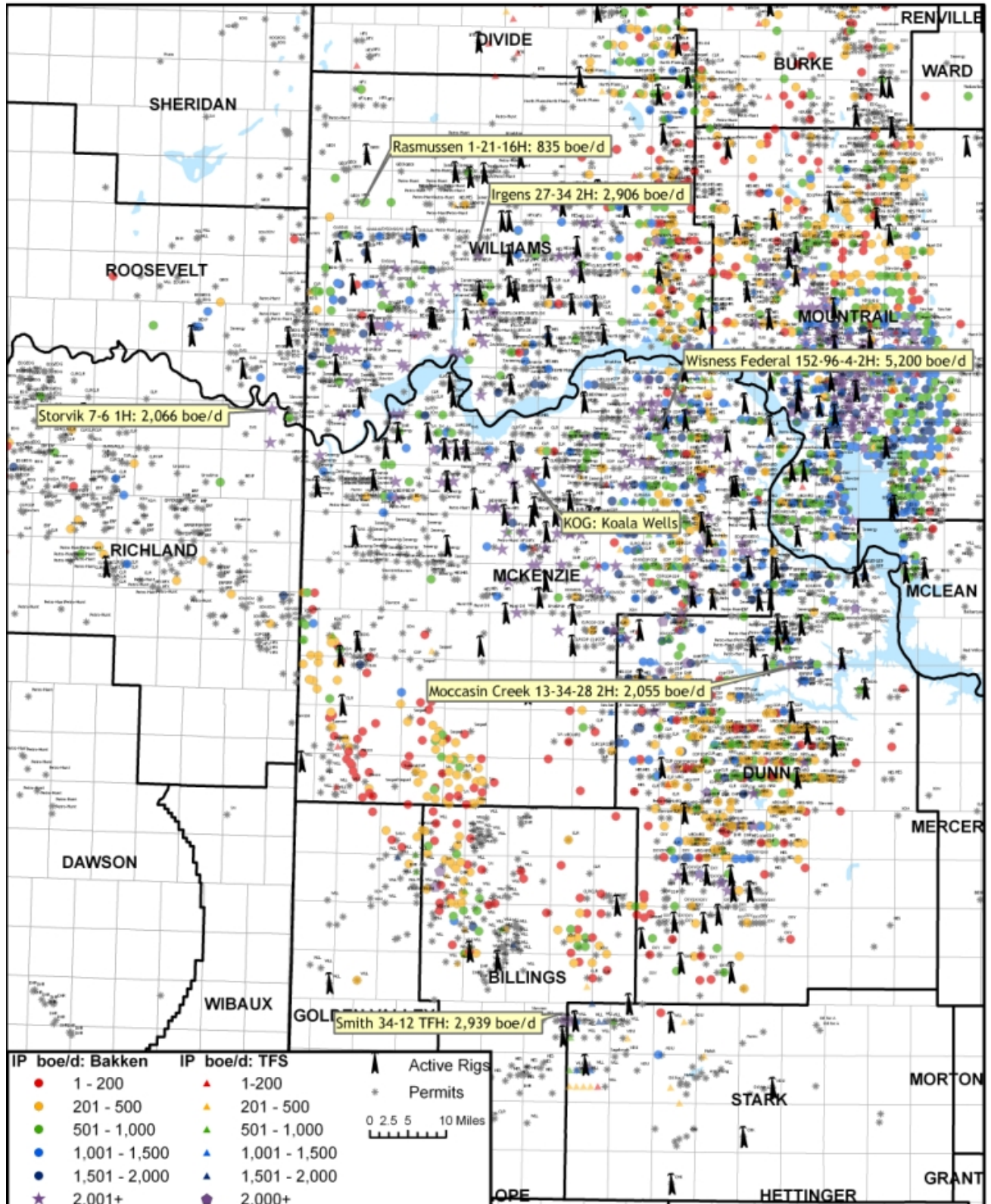
County	3Q11		2Q11		1Q11		4Q10		3Q10		2Q10		1Q10		4Q09		Prior		TOTAL ALL	
	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg	#	Avg
BILLINGS	5	1,410	3	1,080	2	487	0	0	2	1,128	0	0	0	0	0	0	74	325	86	437
BOWMAN	0	0	0	0	0	0	0	0	0	0	1	287	0	0	0	0	0	0	1	287
BURKE	0	0	7	404	2	185	5	241	5	349	5	329	4	403	4	476	26	225	58	296
DIVIDE	5	259	5	712	11	685	16	553	17	488	14	554	7	518	3	514	54	266	132	430
DUNN	12	1,876	26	1,042	21	936	31	1,276	39	1,349	35	1,370	26	1,213	23	837	255	470	468	812
GOLDEN VALLEY	0	0	1	282	1	906	0	0	1	608	0	0	0	0	1	1,970	8	175	12	431
MC KENZIE	27	2,304	51	1,728	48	1,557	42	1,535	40	1,574	26	1,896	23	1,618	18	1,232	238	481	513	1,122
MCLEAN	0	0	2	883	2	1,044	2	583	2	857	1	1,291	1	1,405	1	841	1	949	12	935
MOUNTRAIL	14	1,960	32	1,300	62	1,273	54	1,264	92	1,305	81	1,497	43	1,615	43	1,073	426	980	847	1,170
SLOPE	0	0	0	0	0	0	1	590	0	0	0	0	0	0	0	0	0	0	1	590
STARK	11	637	2	741	5	1,340	1	870	3	1,744	0	0	0	0	0	0	2	896	24	962
WARD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	328	2	328
WILLIAMS	18	1,697	28	1,401	38	1,201	28	1,374	36	1,388	29	1,227	17	1,569	9	1,573	111	408	314	1,037
RICHLAND (MT)	0	0	0	0	9	969	0	0	2	262	5	315	5	424	1	1,519	5	702	27	666
ROOSEVELT (MT)	1	1,069	1	1,818	1	1,065	0	0	1	1,168	5	580	1	1,201	1	45	1	1,065	12	861
Total	93	1,711	158	1,335	202	1,224	180	1,241	240	1,280	202	1,334	127	1,377	104	1,053	1203	624	2,509	978

Source: Company Reports, RBC Capital Markets estimates, and North Dakota Industrial Commission.



Well Activity Map

Exhibit 4: Bakken & Three Forks Completions, Rigs, and Permits



Source: North Dakota Industrial Commission, Company Reports and RBC Capital Markets estimates.



The Lewis & Clark Prospect Area

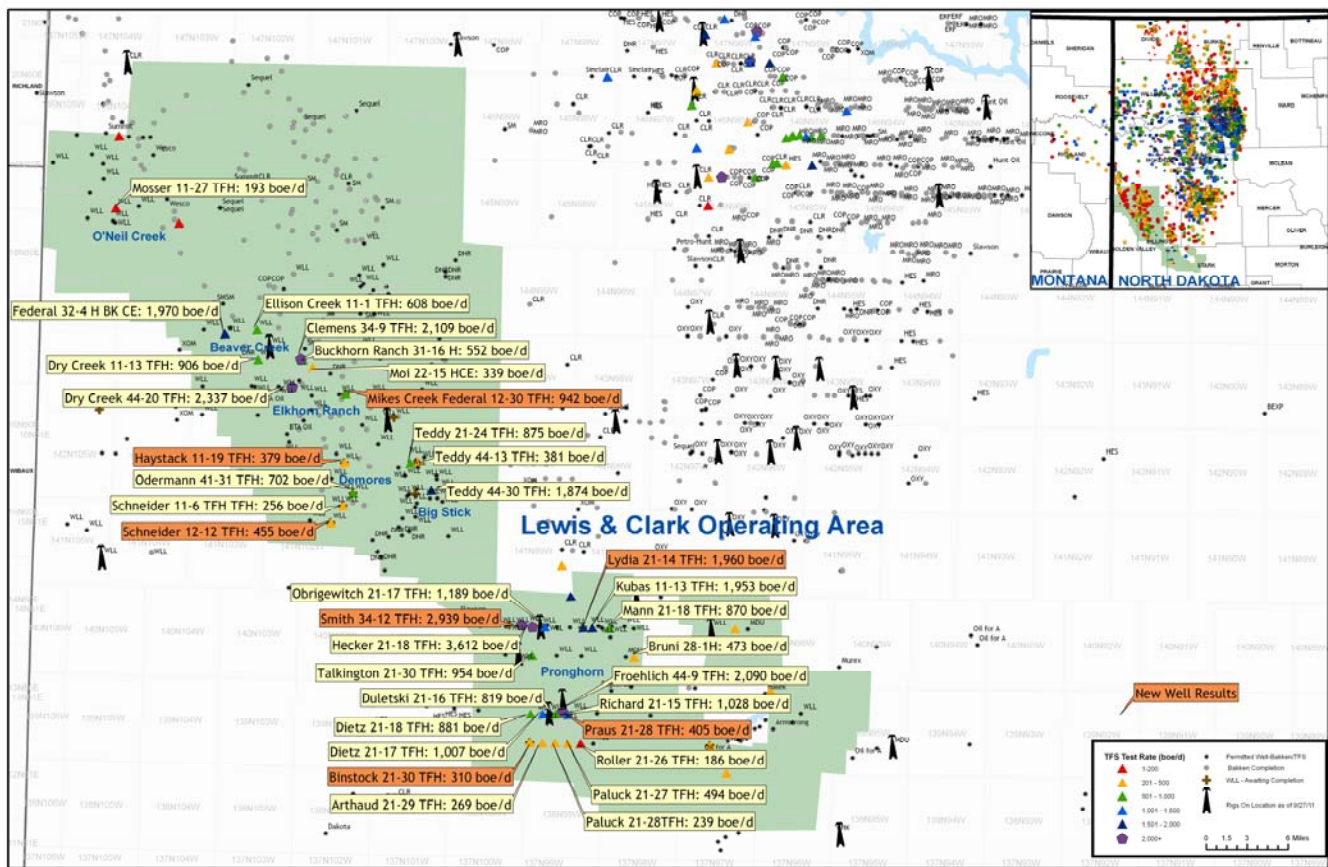
Whiting Petroleum has recently increased activity in the Lewis & Clark prospect area, which covers 387,351 gross acres in Golden Valley, Billings, and Stark counties in the southern Williston Basin. This area targets the Three Forks formation but there were some Bakken horizontal wells drilled a couple decades ago. The Bakken formation “pinches-out” and is not highly prospective or present across much of the play. Management acquired its position on the concept that a similar quality of reservoir sand existed to the Sanish sands in Mountrail County. Other operators have started to drill in the area including Chesapeake Energy, MDU Resources, and GMX Resources. Other prospective formations in this area include the Scallion, which is a lower member of the Lodgepole formation.

Whiting drilled its discovery well, the Federal 32-4TFH in late 2009. This well is still producing at 145 boe/d and has produced around 140 Mboe. Management believes this well will fit above the mid-point of its 300-500 Mboe typecurve. That success was more difficult to replicated in the 34 wells that followed. The geological variability was greater than expected though preliminary results still look encouraging. Overall the 35 wells drilled and completed by Whiting has initial production rates averaging 1,044 boe/d with a wide range of results of 186 – 3,612 boe/d.

Management has differentiating six sub-areas within the play and is most encouraged in the southeast in an area called Pronghorn. Five wells were drilled in southern Pronghorn that somewhat delineates the edge of this play as the reservoir was very tight and well performance averaged 200-300 boe/d. However, further north in Pronghorn management has seen some of its better performing wells but again significant variability has occurred. WLL is focusing on the Pronghorn sub-area, where it has achieved the greatest success so far in the area.

Beaver Creek, Big Stick, and Elkhorn appear to have consistent results, most of this acreage is held-by-production and performance overall was more modest. The Demores area still poses some problems and will be treated as a science project for now. The original thinking on this area focused on wellbore azimuth as a potential factor contributing to low initial production rates. The Schneider 12-12TFH well was drilled on a new azimuth, although initial production remained disappointing. Rock quality is being considered as a cause; more data is needed to evaluate prospectivity in this sub-area.

Exhibit 5: Whiting Petroleum’s Lewis & Clark Area



Source: North Dakota Industrial Commission, Company Reports and RBC Capital Markets estimates.

Sliding Sleeves versus Plug & Perf

Sliding Sleeves - Replacing Traditional Technology in the Bakken

From an oilfield services perspective, we expect sliding sleeve technology to be constrained primarily to the Bakken for now rather than universally exported to other basins. As the Bakken was a relatively new play, there was not much in the way of “conventional” methods to complete wells, so operators were more willing to experiment with new technologies. Sliding sleeve technology was introduced at the right time in the Bakken, just as the play was beginning to utilize extended reach horizontal laterals.

Another reason for the proliferation of sliding sleeves in the region is due to geology. Bakken formations tend to experience less caving than those in other regions, which eliminates the need for a liner to be cemented into place. This is a main factor that allows sliding sleeve technology to be used in lieu of a more traditional plug and perf technology. It is also a primary reason why the technology has not been exported on a widespread basis to other basins – in the Marcellus for example, operators are reluctant to use sliding sleeve technology because of concerns over the wellbore collapsing, as has happened in the Barnett.

Performance Advantage Narrowing

New sliding sleeve tools that are entering the market include HAL’s RapidFrac and BHI’s FracPoint are targeting completions that look more like a traditional Plug & Perf completions. These tools allow for more perforations though the completion providing for higher-intensity completions that were once limited to Plug & Perf jobs. While there is not a considerable amount of side-by-side comparisons, initial results have sounded encouraging. HAL recently discussed a well pair in Dunn County testing the two completions. Early results of the Sliding Sleeve completion appear to be outperforming the Plug & Perf well. We caution this is a single data point and early but something to watch going forward as more tests are done.

Increased Efficiencies and Reduced Costs Leading to Greater Adoption Rates

While limited mostly to the Bakken at this point, sliding sleeves are improving well costs and increasing efficiencies for E&Ps. Operators that we surveyed suggested average cost per stage had declined from ~\$125k with plug and perf to ~\$80k with sliding sleeves. Cost savings are coming from lower well stimulation cycles (24-48 hours as opposed to one week), elimination of perforation charges, and a reduction in water usage. Additionally, efficiencies are improved because once down-hole tool assembly is in place, there is no need to re-enter the well to set plugs, drill out plugs, perforate individual stages, or provide other intervention services. This allows for a continuous pumping session, as opposed to repetition of multiple well steps.

However, as operators move to more development mode and multi-well drilling pads some of the time advantages that sliding sleeves have are reduced. Brigham Exploration recently cited it completed a well pair using “zipper fracs” that took an average of 2-3 days, which is more than half the time savings. Brigham is likely somewhat of an exception as it will reach development mode quicker than its peers so we see this advantage limited to select situations but could become more prevalent over time.

Market Penetration of ~20% Should Grow in the Bakken

Our channel checks indicate that sliding sleeve technology is used on ~20% of wells in the Bakken, and we expect the penetration rate to increase over time. Prior market share was restricted by the number of frac stages that sliding sleeves could address. In the past, sliding sleeves in the Bakken were mostly limited to ~20 frac stages at most, which at ~250 feet per stage meant the longest laterals that could be addressed were ~5k’. In these instances, operators would use a blend of sliding sleeve and plug and perf to address longer laterals. Recent technological advances have allowed sliding sleeves to go for longer distances and to cover up to 40 frac stages. This expands the addressable market to laterals up to 10k’ in length, which we believe covers the vast majority of lateral lengths in the Bakken.

Major Oil Services Control the Market

Currently, the sliding sleeve market is dominated by the major oil services companies. BHI, HAL, and Packer Plus are currently marketing the most advanced sliding sleeve technologies in the industry. SLB has a minority interest in Packer Plus, but is currently further behind in their own technology. Slight differences exist between the sliding sleeve systems in the market, but there is no clear winner amongst the companies in the market.

News & Activity Updates

Pushing the Boundaries

Well results across the basin continue to expand the core area with Much of McKenzie, Dunn, and Williams counties showing results similar to core area Mountrail County. As operators test more acreage from most directions the data is looking more encouraging, which suggests that technology and experience provide significant expansion opportunities. Operators such as Brigham Exploration continue to push the boundaries but are now joined by a host of other participants.

Brigham Exploration (BEXP). Announced completion of the Irgens 27-34 2H well at 2,906 boe/d. This was an 8 mile step-out well to its prior successful Three Forks completion in this area and demonstrates high Three Forks productivity further north. Brigham also announced another solid well result in Montana with the Storvik 7-6-1H well that produced at 2,066 boe/d.

Chesapeake Energy (CHK). Spud two wells in late August in Stark County, the Zent 30-138-95 A 1H and the Schoch 21-137-97 A 1H. Well sites are located in southern Stark County, about ten miles south of WLL's Pronghorn prospect (L&C sub-area). Based on well plans, CHK will complete the two wells in the Three Forks using plug n perf, approximately 1,000' shallower than Whiting's L&C wells 10 miles to the north.

Denbury Resources (DNR). Will soon test the Almond project to determine the viability of the area, which is located in far northeast Mountrail and in northern Ward counties.

GeoResources (GEOI). Holds 25,000 net acres with an approximate 40% working interest in the northwestern portion of Williams County. This area is located north of BEXP's prolific Rough Rider area and is relatively unexplored compared to other areas to the south and west. The Brockton-Froid Fault Zone which clips the northwest corner of the county is generally considered a prospectivity delineating boundary; in general, closer implies less prospective in general. GEOI's recent completion of the Rasmussen 1-21-16H is one of the better producing area wells at an initial production rate of 835 boe/d.

MDU Resources (MDU). Holds 50,000 net acres in Stark county near WLL's L&C. Primary target is the Three Forks. Will spend approximately \$30 million by YE 2011. The company has seen mixed results so far. Based on well results, the company plans to drill 6 or more wells annually beginning in 2012.

SM Energy (SM). In addition to its Raven prospect in McKenzie County, the company plans to focus activity in northern Divide County which is fairly outside of the core operating area. Well costs are estimated to be \$6.0-6.5 million in Raven and Divide. Wells are notably less expensive the others further to the south; although, in general they have been less productive.

Whiting Petroleum (WLL). The Lewis & Clark prospect in the southern part of the Williston Basin in Stark County has yielded mixed results since the first wells were completed in 4Q10. Initial production rates were recently released for all of the 35 wells drilled in the prospect to date. Although the L&C has clearly presented some problems, there are indications that several of the 6 sub-areas identified by WLL can provides good rates of returns at current commodity prices. We think that some of the better Pronghorn area results could have EURs of 500+ Mboe, while other areas look closer to the low end of the company's 300-500 Mboe typecurve.

Environmental Concerns Over Waste Pits

The North Dakota Department of Mineral Resources will hold a public hearing on November 1 concerning proposed rules that would ban liquid waste dumping in open pits. The proposed regulations will include incentives to list contents of frac fluids. These measures come after spring and summer floods overwhelmed approximately 50 waste pits in the Williston Basin. The waste pits, which are typically the size of large swimming pools, are used to contain rock fragments and drilling mud.

There are an estimated 900 open waste pits across the state. Concern over the pits is centered on potential hazards to migratory water fowl. The new rules would require liquid waste to be dumped into steel tanks for later recycling or disposal. Solid wastes may still be stored in an open pit for later burial. The proposed rules would also require companies to disclose frac chemicals or use costlier high-strength steel pipe in disposal wells.

Seven operators face federal criminal misdemeanor charges after migratory birds were recently found dead in some open waste pits. Six of the companies were arraigned on September 22 in U.S. District Court in Bismarck and face fines of up to \$15,000.

Gas Flaring Concerns

A recent NY Times article discussed concerns over flaring of natural gas across the Williston Basin. Generally, 10-15% of a wells production is "associated" natural gas, which is not the primary hydrocarbon operators are drilling for. The article cites the gas as a by-product that operators will flare in absence of developed infrastructure. While there is a fair amount of flaring going on in the basin (estimated at 100 MMcf/d), most operators have plans to capture and monetize the value. Despite, weak

natural gas prices, the Bakken gas can yield a fairly high price it is a higher Btu gas product. Most produced gas in the core area of Mountrail County is captured but as the core spreads some more development is needed. Several operators have infrastructure projects that should be online in the next 6-12 months that should significantly reduce the flaring. However, as the core continues to expand, there will be some flaring that will persist.

Moratorium on Man Camps

Burgeoning demand for oilfield labor has created a significant housing shortage in the Williston Basin. Temporary housing facilities, referred to as “man camps,” have sprung up to meet this demand. Local communities are raising concern that infrastructure and public services are overburdened by the rapid growth in population and traffic.

In response, Williams County has placed a 6 month moratorium on new camps, while Mountrail County has opted for an 18 month moratorium. Current man camp capacity in the county has been estimated to be 9,400 beds, over 43% of the County population (2010 U.S. census). Similarly, Mountrail County’s 4,000-4500 man camp residents add the population by over 50%. We will continue to monitor this issue, as it is possibly in the early stages. It is not beyond the realm of possibility that as activity in the Williston expands, local communities will seek to mitigate the impact on public services through taxes and/or fees.

Sand Shortages

Our discussions with operators indicate that there is a shortage of frac sand in the Williston Basin. Various forms of frac proppant have been utilized with some operators choosing to utilize ceramic due to its higher strength that will reduce closure risks on the fracture created in the reservoir. Others choose to use sand as it is less costly and cite there is no evidence to support any well performance degradation. Sand costs are around \$0.15 - \$0.20/lb while ceramics can run \$0.40-\$0.50/lb.

At this point with high demand for sand as proppant across various basins, the shortage has hit the Williston and more operators have moved to ceramics out of necessity. Several new sources of high quality natural sand are available in nearby states such as Minnesota, Wisconsin, and Illinois. However, there has been some environmental opposition limiting the development due to concerns over the impact by the mining process.

Sand capacity should improve in early 2012 as a couple new mines come online elsewhere reducing the constraints for now but its something to watch as the horizontal rig counts continue to climb and fracking becomes more prevalent in North America.

Canadian Bakken News & Activity Updates

Recent Operational Activity

Crown Land Sales. To date in 2011 48,228 acres of land have been sold for ~\$19 million (\$400/acre). Land sales have been limited this year in the region, as Bakken lands are mostly spoken for.

Licensing. Approximately 611 wells have been licensed in the area to date in 2011, focused primarily on the Bakken (404 wells), Frobisher (96 wells) and Midale (74 wells). 94% of the licensed wells have been horizontals.

Top Horizontal Drillers. The most active operators in 2011 have been Crescent Point (104 wells) and Petrobakken (99 wells). Approximately 22 rigs are currently working in the Bakken area with CPG and PMT both operating 7 rigs.

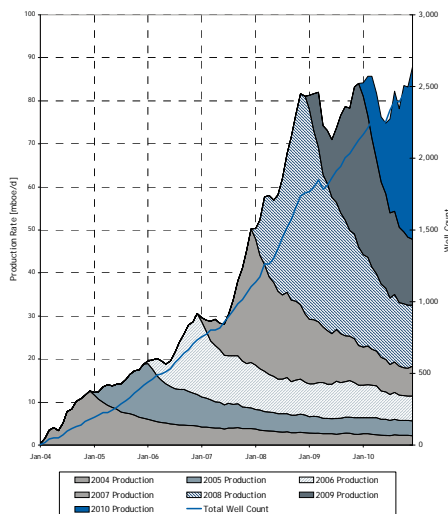
Well Productivity. Peak calendar rates in the Bakken generally continue to fall into a range of 100 – 150 bbl/d.

Exhibit 6: Canada Bakken Well Activity

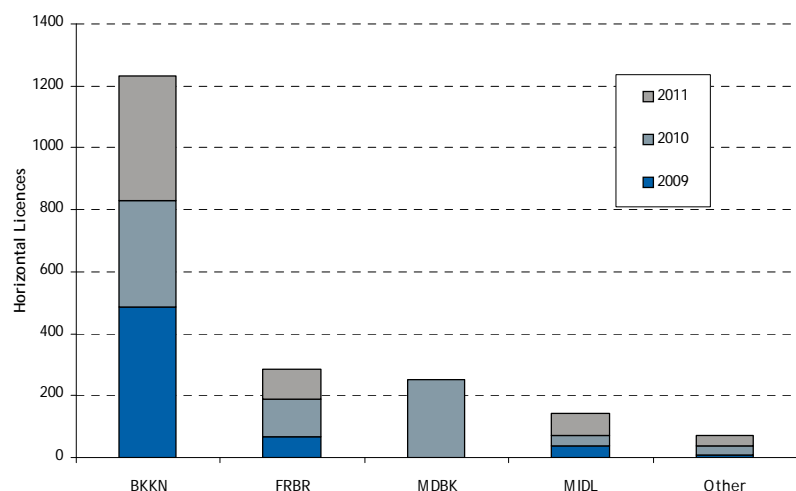
Company	Horizontal Wells				Vertical Wells			
	Well Licenses	Bakken Licenses	Wells Spud	Wells on Production	Well Licenses	Bakken Licenses	Wells Spud	Wells on Production
ADVANTAGE OIL & GAS LTD.	7	-	-	-	-	-	-	-
ARC RESOURCES LTD.	14	4	6	2	-	-	-	2
CANADIAN NATURAL RESOURCES LIMITED	5	-	2	3	4	-	2	2
CRESCENT POINT ENERGY CORP.	223	217	104	89	1	-	-	-
HARVEST OPERATIONS CORP.	9	-	7	-	2	-	-	-
LEGACY OIL + GAS INC.	11	9	8	4	1	-	1	-
LONGVIEW OIL CORP.	2	-	-	-	-	-	-	2
MIDALE PETROLEUMS LTD.	12	2	9	5	-	-	1	4
NAL RESOURCES LIMITED	16	-	6	2	4	-	4	1
PAINTED PONY PETROLEUM LTD.	15	15	11	3	-	-	-	-
PETROBAKKEN ENERGY LTD.	126	120	99	37	1	1	1	-
RENEGADE PETROLEUM LTD.	9	1	4	2	4	1	2	-
RIFE RESOURCES LTD.	5	5	3	-	1	1	-	-
SILVER SPUR RESOURCES LTD.	16	16	4	1	-	-	2	-
SOUTHERN EXPLORATION INC.	2	-	-	-	1	-	-	-
TORQUAY OIL CORP	17	2	8	2	1	-	1	-
ZARGON OIL & GAS LTD.	13	-	2	2	-	-	-	4
TOTAL	502	391	273	152	20	3	14	15

Source: RBC Capital Market Research, Accumap

Yearly Production Breakdown (2004+)



Viewfield Area Activity by Resource Play



Source: RBC Capital Markets estimates and Accumap



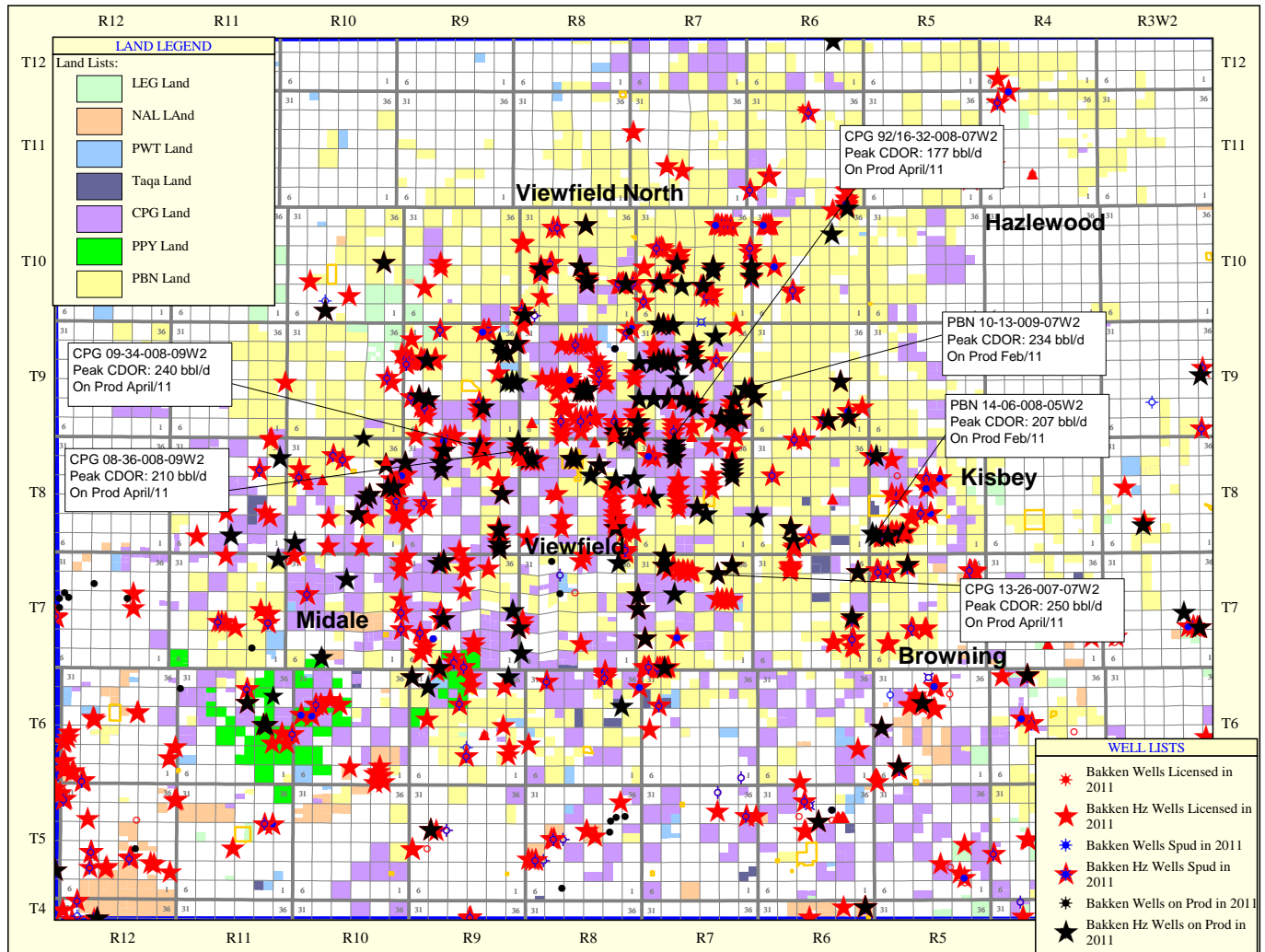
In The News

Crescent Point (CPE) is continuing to show positive results with water flood applications. In total, 17 injection wells have been converted and 14 are currently injecting water. The company believes that ultimate recovery factors could increase from a primary 19% to greater than 30% with water flood application. Crescent Point is still in the early stages of this program and are trying to find the optimal spacing and completion techniques.

Petrobakken (PBN) continues to experiment with natural gas injection EOR projects. Five pilot projects are planned for 2011, 2 pilots injection wells drilled (first in mid-March, second well expected in Q3 2011). PBN expects preliminary results in Q4 2011. Majority of the natural gas will be recovered and sold at a later date, enhancing the full cycle economics of EOR.

Companies are using bilateral multi-stage frac horizontal wells in the Bakken which allows a section of land to be fully developed with just 4 wells. PBN's northern properties initially had high water cuts and so the company has adopted using ClenTech frac technology. This allows them to keep the fracs in the Bakken formation and reduce the long term water cuts.

Exhibit 7: Select Well Results



Source: RBC Capital Markets estimates and Accumap



Companies Mentioned

Abraxas Petroleum Corp. (NASDAQ: AXAS, \$3.39; Not Rated)
Arsenal Energy, Inc. (TSX: AEI, \$0.55, Not Rated)
Brigham Exploration Company (NASDAQ: BEXP, \$27.46; Outperform, Above Average Risk)
Concho Resources (NYSE: CXO, \$ 78.48; Sector Perform, Average Risk)
ConocoPhillips (NYSE: COP, \$ 67.02; Outperform, Average Risk)*
Continental Resources, Inc. (NYSE: CLR, \$52.25; Sector Perform, Above Average Risk)**
Denbury Resources Inc. (NYSE: DNR, \$ 13.14; Outperform, Average Risk)
Enerplus Corporation (TSX: ERF C\$ 26.28; Sector Perform, Average Risk)***
EOG Resources, Inc. (NYSE: EOG \$ 80.14; Outperform, Average Risk)**
ExxonMobil Corporation (NYSE: XOM, \$ 76.27; Sector Perform, Average Risk)*
GeoResources, Inc. (NASDAQ: GEOI, \$19.72; Not Rated)
Hess Corp. (NYSE: HES, \$55.61; Not Rated)
Kodiak Oil & Gas Corp. (NYSE: KOG, \$4.92; Not Rated)
Magnum Hunter Resources Corp. (NYSE: MHR, \$3.79; Not Rated)
Marathon Oil (NYSE: MRO, \$ 23.55, Sector Perform, Average Risk)*
MDU Resources Group Inc. (NYSE: MDU, \$19.97; Not Rated)
Newfield Exploration Co. (NYSE: NFX, \$ 42.34; Outperform, Above Average Risk)**
Northern Oil & Gas Inc. (NYSE: NOG, \$20.09; Not Rated)
Petroleum Development Corp. (NASDAQ: PETD, \$19.50; Not Rated)
QEP Resources Inc. (NYSE: QEP, \$28.15; Not Rated)
Rangeland Energy, LLC (Not Rated)
SM Energy Company (NYSE: SM, \$ 65.64; Sector Perform, Average Risk)
Triangle Petroleum Corp. (OTC: TPLM.OB, \$4.00; Not Rated)
Unit Corp. (NYSE: UNT, \$42.47; Not Rated)
Voyager Oil & Gas Inc. (AMEX: VOG, \$2.19; Not Rated)
Williams (NYSE: WMB, \$26.41; Not Rated)
Whiting Petroleum Corp. (NYSE: WLL, \$ 37.76; Outperform, Average Risk)

*Covered by RBC Capital Markets, LLC analyst Jacques Rousseau, (703) 787-9014, jacques.rousseau@rbccm.com

**Covered by RBC Capital Markets, LLC analyst Leo Mariani, (512) 708-6381, leo.mariani@rbccm.com

***Covered by RBC Dominion Securities Inc. analyst Jennifer Dowdell (403) 299-2397 jennifer.dowdell@rbccm.com

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