

Don't Forget The Southern Alberta Bakken

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While most investor attention is focused on the development of the Bakken formation in the Williston Basin, the industry also progressed on the same play in the Southern Alberta Basin in Montana during the third quarter of 2011.

Southern Alberta Basin

In 2008, the U.S. Geological Survey (USGS) estimated that the Bakken formation in North Dakota and Montana holds anywhere from 3 to 4.3 billion barrels of undiscovered, technically recoverable oil. The USGS estimate only covers the Williston Basin where most industry development has occurred to date.

The Bakken is also present in the southern portion of the Alberta Basin, which extends into several counties in Northwestern Montana. If the industry can prove up this play here, it would mean that the Bakken is even more prolific than current estimates indicate.

Active Operators

Rosetta Resources (Nasdaq:[ROSE](#)) is in the midst of a seven-well horizontal drilling program to test the commercial potential of the Bakken on the company's acreage in the Southern Alberta Basin. The company finished drilling three wells here during the third quarter of 2011, and recently started on a fourth horizontal well.

Rosetta Resources has completed one horizontal well in this program and is currently testing this well. The company expects to complete and start testing two more wells during the final quarter of 2011. Rosetta Resources plans to drill and complete the final four assessment wells during the first quarter of 2012.

Newfield Exploration (NYSE:[NFX](#)) has drilled nine wells in the Southern Alberta Basin and is almost finished with the company's assessment program. The company recently reported that the first horizontal well in this program produced at an initial rate of 225 [barrels of oil equivalent \(BOE\)](#) per day, with only 33% of the lateral producing.

Newfield Exploration does not have to rush into another development program as the company estimates that 80% of its 340,000 net acre position is held by production.

FX Energy (Nasdaq: [FXEN](#)) has drilled three vertical wells through the Bakken group. Logs, cores and tests were as good as or better than expected. Last month drilled one horizontal leg with fracking to commence later in November. A fourth drilling permit and 2nd lateral are pending the outcome of the frack operation later this month. FX Energy s Operator on 1/3 interest in approx. 75,000 net acres with **American Eagle Energy** (Nasdaq: [AMZG](#)) and **Big Sky Operating, LLC**. Depending on the results of the frack completion later this month, FX Energy plans to drill up to six more wells in the first half of 2012.

Watching

Since the development of the Bakken in the Southern Alberta Basin is still at an exploratory stage, many operators are watching the progress of other industry players before committing resources here.

Abraxas Petroleum (SMCAP:[AXAS](#)) has 10,000 net acres in the Southern Alberta Basin and did not allocate any funds for drilling here in 2011. The company has been adding to its [leasehold](#) here and plans to monitor the results of others before moving forward.

Quicksilver Resources (NYSE:[KWK](#)) has 175,000 net acres under lease in Glacier and Toole Counties in Montana. The company is currently inactive in this play as it allocates scarce funds to other areas of its portfolio. "We're with a tight budget, that's an area where we just decided not to spend dollars until we got more clarity," said Glenn M. Darden, the CEO of Quicksilver Resources, during a recent conference call. Quicksilver Resources is also considering a [joint venture](#) partner here to share the cost and risk of development.

Stone Energy (NYSE:[SGY](#)) has 35,000 net acres and is also dormant in this play, with the company putting most of its funds into the Gulf of Mexico and the Appalachian Basin.

The Bottom Line

If the exploration and production industry finds the Bakken to be commercial in the Southern Alberta Basin, it will lead to another upward revision to the level of oil resources present in this play in North Dakota and Montana