

Dakota Oil Fields of Saudi-Sized Reserves Make Farmers Drillers

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By Anthony Effinger



June 3 (Bloomberg) -- John Bartelson, who smokes Marlboro Lights through fingers blackened with tractor grease, may look like an average wheat farmer. He isn't. He's one of North Dakota's new oil barons.

Every month, he gets a check for tens of thousands of dollars from a company in Houston called **EOG Resources Inc.**, which drilled two oil wells on his land last

year. He says the day his first royalty check arrived was one to remember.

"I smiled to beat hell, and I went to town and had a beer," Bartelson, 65, says.

His new wealth springs from the **Bakken** formation, a sprawling deposit of high-quality crude beneath the durum wheat fields of North Dakota, Montana and southern Saskatchewan and Manitoba. The Bakken may give the U.S. -- the world's **biggest importer** of oil -- a new domestic energy source at a time when demand from China and India is ratcheting up the global competition for supplies and propelling average U.S. **gasoline prices** to almost \$4 a gallon.

"There's nothing that can stop this play," says Mike Reger, chief executive officer of **Northern Oil & Gas Inc.**, a five-person company near Minneapolis that has leased the mineral rights under 32,000 acres (13,000 hectares) in the North Dakota Bakken.

Reger, 32, brought the hedge fund managers up to see the oil field. Some, like Ryan Zorn of Houston-based investment management firm **Saracen Energy Advisors LP**, are investors in Northern already. Northern shares have risen 61 percent since being listed on the American Stock Exchange on March 26.

Fool's Gold

For decades, the Bakken was the fool's gold of the oil industry. The name describes a geological formation that looks like an Oreo cookie: two layers of black shale that bleed oil into the middle layer of dolomite. It's named after Henry O. Bakken, the North Dakota farmer who owned the land where the first drilling rig revealed the shale layers in the 1950s.

All of the layers are thin -- about 150 feet altogether -- and none of them give up oil easily. In older, vertical wells, oil would often flow for a month and then fizzle.

Now, companies like Austin, Texas-based **Brigham Exploration Co.**; Denver-based **Whiting Petroleum Corp.**; and EOG are drilling horizontally. They go straight down 10,000 feet and then put a slight angle in the mud motor, a 30-foot piece of tubing that drives the bit, so they hit the Bakken sideways, making a horizontal tunnel 4,500 feet long through the dolomite.