WESTERN WORK NEEDED

All employment sectors in North Dakota were impacted by the COVID-19 pandemic and deserved job support.

The average unemployment rate from January to September 2020 in North Dakota’s top 16 oil & gas producing counties has increased 2.29%.

The average unemployment in the remaining 37 counties has increased 0.28%.

Top 16 Oil and Gas Producing Counties

Jan-20, 2.71%
Sep-20, 5.00%

37 Other North Dakota Counties

Jan-20, 3.61%
Sep-20, 3.89%

Statewide

Jan-20, 3.34%
Sep-20, 4.23%
Potential to support 650-1,200 Jobs in North Dakota
Generating 150-200 Long-Term Jobs
Support 500-1,000 Frac Crew Jobs
Incentivize Completion of up to 80 DUC Wells
Goal to bring 5-10 Frac Crews back to ND

Funds provided for the DUC Well Completion Project in 2020 (completion of wells already drilled but uneconomic to complete at current oil price) will supported jobs in the state, stabilize production, and bring increased certainty to North Dakota’s economy and state and local revenue.

North Dakota CARES about healthy communities and a healthy economy.
STABILIZE PRODUCTION

LIFTING THE CURVE

Without incentive → 30 well completions/month
With incentive → 70 well completions/month

ND Production Scenarios by # of Completions

Source: ND Pipeline Authority

ND Oil Production - BOPD

July 2020

Source: ND Pipeline Authority

NORTH Dakota
Be Legendary.

Mineral Resources
The first year of just 1 new well completion has the potential to generate a 100% return in state sales tax revenues alone.

- **$200,000 Sales Taxes**
  - Benefiting state general fund, counties, and cities.

- **$800,000 Extraction Taxes**
  - Benefiting Legacy Fund, education, and water infrastructure.

- **$800,000 Production Taxes**
  - Benefiting Legacy Fund, counties, cities, schools, research, and outdoor heritage.

- **$2.9 million Royalty Payments**

- **$1.1 million Salaries & Wages**

**Supporting North Dakota Revenue**
The first year of 80 new well completions has the potential to generate:

- $16 Million = Sales Taxes
- $64 Million = Extraction Taxes
- $64 Million = Production Taxes
- $232 Million = Royalties
- $88 Million = Salaries & Wages

Potential to create $88 Million in salaries and wages alone from $16 Million in CARES Act funding through the DUC Well Completion Project by completing up to 80 wells. These tax revenues support North Dakota education, water projects, schools, counties, cities and more.
3% - $33 Million
To support up to 1,000 ND jobs plugging orphan wells sitting abandoned across the state.

1% - $17 Million
To return over 2,000 acres of land to North Dakota citizens through reclamation of orphan well sites.

1% - $16 Million
To support 650 - 1,200 jobs, generate additional state revenues, and stabilize production through Spring 2021 by incentivizing completion of up to 80 DUC Wells.

52% of North Dakota State Tax Revenues are generated by Oil and Gas

8.6% of North Dakota GDP is generated by Oil and Gas
Education
North Dakota schools in HUB Cities and across the state benefit from Tax Revenues directly and through the Common Schools Trust Fund.

All ND Cities
HUB City Funding
Airport & Municipal Infrastructure Funds

All ND Counties
County & Township Infrastructure Fund

Research
Lignite Research Fund

Abandoned Well Plugging Site Reclamation Fund

State General Fund
Strategic Investments and Improvements Fund
State Disaster Relief Fund
Budget Stabilization Fund
Tax Relief Fund

Legacy Fund
30% of Oil Extraction Taxes or $19.2 Million in first year through completion of 80 DUC wells.

Outdoor Heritage Fund

Water Infrastructure
Supporting Water Diversion projects across the state.

North Dakota
Be Legendary.

Mineral Resources
ND Water Use and Completions

CARES Act Funding received to complete “DUC” (Drilled but uncompleted) wells in North Dakota will specifically go towards reimbursement of up to $200,000 in water acquisition and disposal costs per hydraulic fracture completion of up to 80 DUC wells by December 30, 2020.

Targeted grants to reimburse water costs will support North Dakota companies and use of a North Dakota resource.

By reimbursing less than 50% of typical frac water costs these grants will incentivize operators to be conservative with water use.
A “DUC” well is a well that has been drilled but uncompleted. The well is not yet capable of production because it needs to be hydraulically fractured and production equipment needs to be installed for the well to produce.

$7.2 million = Cost to drill and complete a new well in ND.

$5.0 million = Cost to complete a DUC well.

$500,000 = avg. associated water costs of 219,000 barrels of water (avg. volume needed to frac 1 well)

Current WTI oil price of $40 per barrel is $5 below the price needed to make DUC well completions economic without incentives.