

Director's Cut

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Feb Oil 26,657,540 barrels = 952,055 barrels/day
Mar Oil 30,288,575 barrels = 977,051 barrels/day (preliminary)(NEW all-time high)
914,003 barrels per day or 94% from Bakken and Three Forks
63,048 barrels per day or 6% from legacy conventional pools

Feb Gas 29,793,672 MCF = 1,064,060 MCF/day
Mar Gas 33,671,853 MCF = 1,086,189 MCF/day (preliminary)(NEW all-time high)

Feb Producing Wells = 10,199
Mar Producing Wells = 10,457 (preliminary)(NEW all-time high)
7,194 Wells or 69% are now unconventional Bakken – Three forks wells
3,263 wells or 31% produce from legacy conventional pools

Feb Permitting: 180 drilling and 5 seismic
Mar Permitting: 250 drilling and 2 seismic
Apr Permitting: 233 drilling and 0 seismic (all time high was 370 in 10/2012)

Feb Sweet Crude Price = \$86.89/barrel
Mar Sweet Crude Price = \$86.72/barrel
Apr Sweet Crude Price = \$85.68/barrel
Today Sweet Crude Price = \$87.00/barrel (all-time high was \$136.29 7/3/2008)

Feb rig count 189
Mar rig count 193
Apr rig count 188
Today's rig count is 192 (all-time high was 218 on 5/29/2012)
The statewide rig count is down 12% from the high and in the five most active counties
rig count is down as follows:
McKenzie -4% (high was January 2014)
Williams -31% (high was March 2012)
Mountrail -20% (high was June 2011)
Dunn -24% (high was June 2012)
Divide -23% (high was March 2013)

Comments:

The drilling rig count was up slightly from February to March and back down from March to April. The number of well completions was up sharply from 70 to 200. Investor confidence remains strong. There were still approximately 50 wells shut in for the Tioga gas plant conversion in an attempt to minimize flaring, but the biggest

production impact was still the weather. March began with 2-3 days of temperatures well below zero, add to that 7-12 days with wind speeds too high for completion work, and then 8 inches of snow on the last day of the month. In like a lion and out like a lion makes oil and gas work difficult.

Over 95% of drilling still targets the Bakken and Three Forks formations.

At the end of March there were about 635 wells waiting on completion services, a decrease of 15.

Crude oil take away capacity is expected to remain adequate as long as rail deliveries to coastal refineries keep growing.

Rig count in the Williston basin is increasing slowly. Utilization rate for rigs capable of 20,000+ feet remains above 90%, and for shallow well rigs (7,000 feet or less) about 60%.

Drilling permit activity returned to normal levels in Mar and April as operators start planning their summer programs.

The number of rigs actively drilling on federal surface in the Dakota Prairie Grasslands is unchanged at 1.

Activity on the Fort Berthold Reservation is as follows

24 drilling rigs (9 on fee lands and 15 on trust lands)

300,770 barrels of oil per day (92,500 from trust lands & 187,315 from fee lands)

1,174 active wells (748 on trust lands & 426 on fee lands)

156 wells waiting on completion

310 approved drilling permits (292 on trust lands & 18 on fee lands)

2,195 additional potential future wells (1,520 on trust lands & 675 on fee lands)

Seismic activity is steady 4 surveys active/recording, 3 remediating, 1 suspended, and 2 permitted. There are now 4 buried arrays in North Dakota for monitoring and optimizing hydraulic fracturing.

North Dakota leasing activity is very low, consisting mostly of renewals and top leases in the Bakken - Three Forks area.

US natural gas storage is now 48% below the five-year average indicating increasing prices in the foreseeable future. North Dakota shallow gas exploration may be economic at future gas prices.

The price of natural gas delivered to Northern Border at Watford City is up \$0.15 to \$4.29/MCF. This results in a current oil to gas price ratio of 20:1. The percentage of gas flared dropped to 33% largely due to the beginning stages of starting the new Tioga gas plant. The historical high was 36% in 09/2011.

Draft BLM regulations for hydraulic fracturing on federal lands were published last year. BLM received over 177,000 comments and withdrew the rule. A new proposed rule was published in the federal register on 5/24/2013 and the comment period ended 8/23/2013. This time BLM received 1.2 million comments. Thanks to all who provided comments in support of a “states first” policy. Department of Interior has announced a goal of issuing a final rule by year end of 2014. In addition they are starting the process of new venting and flaring regulations and held an input session 05/09/2014 at the Dickinson, ND Ramada Grand Hotel.

EPA has published an advanced notice of proposed rule-making to seek comment on the information that should be reported or disclosed for hydraulic fracturing chemical substances and mixtures and the mechanism for obtaining this information. Comments will be due 90 days after publication in the Federal Register. We will keep you posted on the deadline. The proposed rule-making is in response to a petition from Earthjustice and 114 other groups who are opposed to the use of the GWPC-IOGCC FracFocus website process of chemical disclosure and any type of trade secret protection for hydraulic fracturing fluid mixtures. These groups are requesting EPA regulation of chemical disclosure under the federal Toxic Substances Control Act.