NORTH DAKOTA
DEPARTMENT OF MINERAL RESOURCES:
OIL & GAS UPDATE

June 29, 2018 | NARO Conference

Visit Us: www.dmr.nd.gov
PRODUCTION
GAS CAPTURE
SPILL REPORTING
ROYALTY STATEMENTS
ORDINARY HIGH WATER MARK SURVEY

Raising the bar in 2018
North Dakota Average Monthly Rig Count

Record High: 218 Rigs
May 2012

Current: 62 Rigs
April 2018

Rig Count  ND Sweet Oil Price  Spuds / Month / Rig
Rig & Well Counts

North Dakota Wells Producing

16,694 Wells Capable of Producing
April 2018

14,571 Wells Producing
April 2018
Oil & Gas Production

North Dakota Daily Oil Produced and Price

-2,535 barrels short of New Record
Dec 2014 - 1,227,483

1,224,948 barrels/day
April 2018
Oil & Gas Production

North Dakota Monthly Gas Produced and Price

All-time high
67,248,699 MCF
2,241,623 MCF/day
April 2018
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Gas Performance

Reference: JJ Kringstad – North Dakota Pipeline Authority
Gas Production Forecast

Reference: JJ Kringstad – North Dakota Pipeline Authority
Gas Capture Policy

**NDIC Order 24665**

**Policy Goals**

- Reduce flared volume of gas
- Reduce number of wells flaring
- Reduce the duration of flaring from wells

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Gas Capture Policy

NDIC Order 24665

Policy Goals

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Current Goal
85% Captured

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• **Reduce number of wells flaring**
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What’s Next?

- **New Gas Processing Infrastructure:**
  - Oasis, Liberty Midstream, and Targa/Hess capacity to come in 2018

- **Production Restrictions:**
  - 200bbls/day meeting at least 60% capture
  - 100 bbls/day restrictions on all other wells

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Unified Spill Reporting

**Current Process**

- Multiple places to submit forms
- Confusion among operators and public

Diagram:

- DEQ
-DES
- DMR
- Incident

Arrows indicate connections between entities and the incident.
Unified Spill Reporting

**Improvement Goals**

- One stop location for reporting
- Information sharing between agencies & databases
Royalty Statements

North Dakota Administrative Code: 43-02-06-01

Royalty Owner Information Statement

• **Price**: Addition of natural gas liquids to the price breakdown.

• **Deductions & Adjustments**: Will be broken into two sections
  • Adjustments: The amount and purpose of each adjustment or correction made
  • Deductions: The amount and purpose of each deduction separated into four categories:

  - Transportation
  - Processing
  - Compression
  - Administrative Costs

Changes effective: July 1, 2019

- **DMR completing compliance reviews** – at this time none meeting impending requirement.
Royalty Statements

North Dakota Administrative Code: 43-02-06-01.1
Ownership Interest Information Statement

• Operator or payor shall provide the mineral owner with a statement identifying:
  • Spacing unit for the well (AND the effective date of the spacing unit change if applicable);
  • the net mineral acres owned by the mineral owner;
  • the gross mineral acres in the spacing unit; and
  • the mineral owner’s decimal interest that will be applied to the well.

• Statement will be sent within 120 days after the end of the month of the first sale of production from a well OR change in the spacing unit of a well.

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OHWM Survey | Timeline

April 21, 2017
• Legislature passes & Governor signs Senate Bill 2134

April 17, 2017
• Wenck study Ordinary High Water Mark of the Missouri River Bed Review released

June 20, 2018
• Written public comment period closed

June 26, 2018
• Public hearing
OHWM Survey | Public Input

- 1,435 pages of written comments submitted by 26 entities.
- 11 representatives commented during the public hearing.

- ...recommendation for calculating the acreages that are above and below the ordinary high water mark.
- ...clarification of ownership of islands formed on the bed of the Missouri River after statehood.
- ...redefining land labeled “flooded land” which was once used for ranching operations
Department of Mineral Resources and Wenck review comments and develop final recommendation to Industrial Commission.

Industrial Commission to adopt or modify recommendations.

Industrial Commission’s findings to determine the delineation of the ordinary high water mark for the segment of river addressed.
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DEPARTMENT OF MINERAL RESOURCES

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