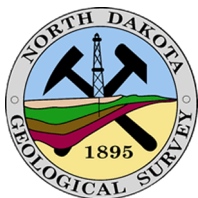


NEWS RELEASE | **FOR IMMEDIATE RELEASE** | March 9, 2020

Department of Mineral Resources releases statement on weekend drop in oil prices

BISMARCK, N.D. – BISMARCK, N.D. – Director of North Dakota Department of Mineral Resources, Lynn Helms, issued the below statements today following an oil price drop of more than 20% between Friday March 6th and Monday, March 9th. Over the weekend the price of West Texas Intermediate crude oil was down as much as a 34%, one of the largest price drops in decades.

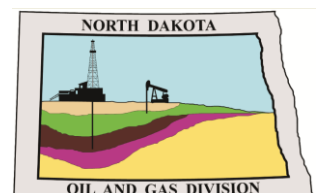
- It is never a good time for such a significant price drop, but the timing of this drop does allow the state to plan ahead for the next legislative session and will allow lawmakers to adjust priorities in preparation for the next biennium.
- The price in the North Dakota budget forecast is \$48.50 at the wellhead which we are significantly below at this point. While the impact on revenues from gross production tax and extraction tax will be immediate, it typically takes 3-6 months to work those impacts into any type of revised revenue forecasting. Likewise, it typically takes 3-6 months for this type of price drop to impact to oil and gas activity.



Lynn D. Helms
DIRECTOR
DEPT. OF MINERAL RESOURCES

Bruce E. Hicks
ASSISTANT DIRECTOR
OIL AND GAS DIVISION

Edward C. Murphy
STATE GEOLOGIST
GEOLOGICAL SURVEY



- Unless prices rebound within the next 30-60 days, we can expect to see an impact to production and field activity. In both 2008 and 2015 similar price drops took two years for prices to fully recover. Oil production will likely remain flat to slightly down during that time.

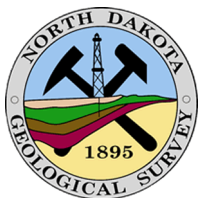
This drop is a result of two back to back factors: the expected economic impacts of the widespread virus COVID-19 (coronavirus) and the unexpected dissolution of existing OPEC and Russia production agreements following discussions of proposed additional production restrictions needed to stabilize prices during the COVID-19 outbreak.

For more information, contact:

Katie Haarsager, Public Information Specialist
North Dakota Oil and Gas Division
600 E Boulevard Ave., Dept. 405 | Bismarck, ND 58505-0840
PHONE: 701-328-8036 | EMAIL: kahaarsager@nd.gov
www.dmr.nd.gov

To access archived news releases and other information, visit the North Dakota Oil and Gas Division information center at <https://www.dmr.nd.gov/oilgas/informationcenter.asp>.

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