

BAKKEN RESTART TASK FORCE

- Mineral Resources
- Environmental Quality
- Trust Lands
- Pipeline Authority
- Office of Management and Budget
- WAWS
- Governor's Office
- Public Service Commission
- Tax Department
- Commerce
- Bank of North Dakota
- Water Commission
- Additional Subject Matter Experts



Terms

Descriptions are available as a reference; consult North Dakota Department of Mineral Resources and North Dakota state statutes for official definitions.

“Shut-in” well: A well that has been closed temporarily for repairs, cleaning out, pressure testing, lack of a market, etc. These wells are typically “shut-in” at the surface for short periods of time and are still capable of being activated for short periods of time or being brought fully back into service. NDIC approval is not required to shut in a well, and a well that has been temporarily “shut-in” is in compliance with North Dakota regulations. There is no NDIC well status of “shut-in” and these wells will show an “Active” status unless the length of time they are shut in causes them to be designated “Inactive” or the NDIC has approved some other status for the well.

“Shut-in” production: The amount of oil production that a shut in well is capable of producing on a daily basis.

“Inactive” well: A well that has not submitted a production or injection report or has reported no production or injection for 3 consecutive months.

“Abandoned” well: A well that has had the production or injection equipment removed, has failed to produce oil or gas in paying quantities for one year, or a source well that has failed to produce water for one year. A well in abandoned-well status must be promptly returned to production in paying quantities, approved by the commission for temporarily abandoned status, or plugged and reclaimed within six months. If none of the three preceding conditions are met, the industrial commission may require the well to be placed immediately on a single-well bond in an amount equal to the cost of plugging the well and reclaiming the well site. North Dakota Century Code § 38-08-04(12). An abandoned well must be plugged and its site must be reclaimed, an abandoned treating plant must be removed and its site must be reclaimed. North Dakota Administrative Code § 43-02-03-55(1).

“Orphan” well or site: A well or site that has been abandoned and the person or company drilling or operating the well or equipment cannot be found, has no assets with which to properly plug or re-plug the well or reclaim the site, cannot be legally required to plug or re-plug the well or to reclaim the site, pipeline, or associated pipeline facility, or damage is the result of an illegal dumping incident; there is no bond covering the well to be plugged or the site to be reclaimed or there is a bond but the cost of plugging or re-plugging the well or reclaiming the site, pipeline, or associated pipeline facility exceeds the amount of the bond, or damage is the result of an illegal dumping incident; the well, equipment, pipeline, or associated pipeline facility is leaking or likely to leak oil, gas, or saltwater or is likely to cause a serious threat of pollution or injury to the public health or safety.

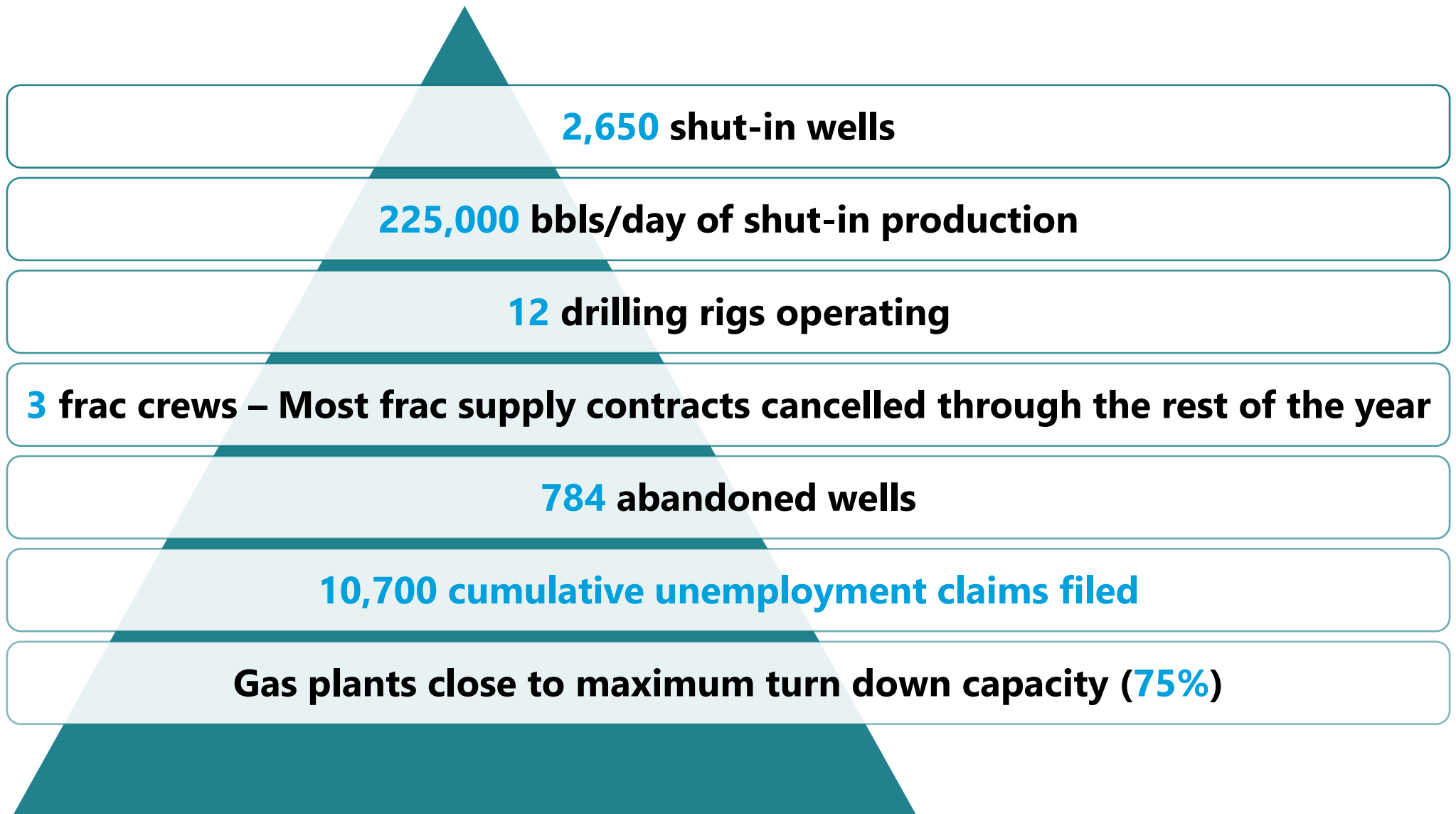
[Click here for Well Status Designations Guide](#)

Bakken Restart Task Force

Last Updated: 10 August 2020

Any updates if available will be posted weekly by 12PM CT Monday mornings.

Situation Overview



Focus Area: Regulatory Relief

Underlined bullet points are linked to additional information online.

Regulatory Relief Implemented:

Oil and Gas Division - <https://www.dmr.nd.gov/oilgas/>

- Grace period on bond increases for commercial disposal wells and abandoned wells.
- Inactive Well Waivers Reinstated. (Click here for more information)
- Noncompleted Well Waivers Reinstated.(Click here for more information)
- Suspension of Drilling Well Waivers Reinstated. (Click here for more information)
- Reduced meter proving and calibration requirements. (Click here for more information)
- Remote hearings are being made available. (Click here for more information)
- Crude oil storage guidance on jurisdiction and regulatory requirements available through DMR.
- Currently there is approximately 24 million barrels of total oil storage on existing ND well sites under DMR jurisdiction and 14.86 million barrels of storage associated with pipelines after custody transfer.
- Temporary suspension of application for permit to drill renewal fees 7/1/2020 – 12/31/2020.

Environmental Quality - <https://deq.nd.gov/>

- Winter blend gasoline waiver.
- Tank integrity testing flexibility.
- Ground Water & Air Quality Sampling flexibility.
- Alternative compliance for Social Distancing and Travel Restrictions Issued.
- Department of Environmental Quality will review guidance on SWPPP, and SPCC plans.
- 5/7/20 Temporary Crude Oil Storage Vessels (Click here for more information)
- 5/7/20 Control of Storage Tanks at Shut-in Production Facilities (Click here for more information)

Focus Area: Regulatory Relief

Underlined bullet points are linked to additional information online.

Regulatory Relief Implemented:

Public Service Commission - <https://www.psc.nd.gov/>

- Remote hearings are being made available.
- Lowering filing fees to reasonable amounts and refunding unused fees.
- Expediting the review and approval process for oil and gas infrastructure projects.
- [Public Service Commission Policy Memorandum: Compliance Waivers \(Click for more information\)](#)

Trust Lands - <https://www.land.nd.gov/>

- [Lease Extensions \(Click here for more information\)](#)
- [Shut In Requests \(Click here for more information\)](#)

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Focus Area: Regulatory Relief

Relief Under Consideration:	Agency
<u>Consideration of Suspension of Fees:</u> <ul style="list-style-type: none">Considering suspending various fees such as temporary abandonment renewal and case continuance.	Oil & Gas Division
<u>Consideration for Bond Relief:</u> <ul style="list-style-type: none">Review of current criteria used to set bond amounts: size of operation, type of waste, estimated cleanup costs specifically for landfills and RMLs<ul style="list-style-type: none">DEQ is reviewing on a case by case basis. At this time has conducted an engineering analysis and adjusted bond amount on one landfill.Reviewing treating plant bonds for relief upon request<ul style="list-style-type: none">Oil and Gas is reviewing on a case by case basis. At this time has conducted an engineering analysis and adjusted bond amount on one treating plant.	Environmental Quality Oil & Gas Division
<u>Consideration of Extensions & Waivers:</u> <ul style="list-style-type: none">Operator Certifications – extended/alternative compliance dateWeights & Measures, gas safety side – extended/alternative compliance dateLease Waivers – consider a lease waiver for shut-in wells	Environmental Quality Public Service Commission Trust Lands
<u>Considerations for TENORM:</u> <ul style="list-style-type: none">Western Dakota Energy Association (WDEA) is looking at potential for one or more TENORM sites.<ul style="list-style-type: none">Update: DEQ preliminary review of slurry fracture injection licensing is complete.	
<u>Other Updates:</u> <ul style="list-style-type: none">Governor's Office receiving increase in requests for Gas Capture relief – specifically on Fort Berthold Indian Reservation.EPA is being sued on North Dakota's ozone State Implementation Plan (SIP)<ul style="list-style-type: none">Update: North Dakota not included in lawsuit.EPA methane Gmap survey in progress.	

Focus Area: Regulatory Relief

Hearings & Board Decisions:

Agency

<ul style="list-style-type: none">• Temporary changes are at the discretion of the Director – No hearing required.• Permanent changes – Hearing required.• No pending hearings related to Task Force objectives.	Environmental Quality
<ul style="list-style-type: none">• Abandoned Well Confiscation Hearings and Resulting Orders:<ul style="list-style-type: none">• June 10, 2020 - Case #28495• July 31, 2020 – Case #28530	Oil & Gas Division
<ul style="list-style-type: none">• Seeking cost savings for fracking wells waiting on completion through an appropriation for temporary permits to utilize fresh water supply from potential aquifers on Fort Berthold Indian Reservation.	Water Commission
<ul style="list-style-type: none">• Emergency Commission and Legislative Budget Section approved the remainder of CARES Act Funds.<ul style="list-style-type: none">• After September Budget Section OMB will request turn back of unused funds.• October possible Emergency Commission special meeting to reallocate turn back funds.	

Focus Area: Economic Stimulus

Stimulus Proposals Implemented:

Abandoned and Orphan Well - Plugging

- A thorough review of the increasing list of abandoned wells would be appropriate and to develop a strategy for handling these wells in an economically responsible manner:
 1. Review of wells are candidates to plug and reclaim - Complete
 - Emergency Commission and Budget section approved \$33 million for plugging work and \$33 million for reclamation. [Bids, orders, and other documents related to the Plugging and Reclamation of wells under this program are being saved on the Oil and Gas Division's website in Case File #28495 located here.](#)
 - Wells that are candidates for CCUS projects
 2. Reviewing potential wells that could cost-share with operators to continue production

Abandoned and Orphan Well - Reclamation

- Emergency Commission approved an additional \$33.2 million in CARES Act funding for the reclamation of sites. This additional funding is to be used for the reclamation of confiscated well and facility sites that is projected to maintain 300-600 additional oil and gas service sector jobs to complete the work. [Bids, orders, and other documents related to the Plugging and Reclamation of wells under this program are being saved on the Oil and Gas Division's website in Case File #28495 located here.](#)

Abandoned and Orphan Well – Additional Information:

- Interstate Oil and Gas Compact Commission (“IOGCC”), DOE and many partner states seeking federal funding. ([Click here to see other state and provincial relief measures](#))
- [Recording of US House Natural Resources Committee Forum: Reclaiming Orphaned Oil and Gas Wells – Creating Jobs and Protecting the Environment by Cleaning Up and Plugging Wells – Held on 6/1/20.](#)

Focus Area: Economic Stimulus

Stimulus Proposals Under Consideration:

Methane Emissions

- Thief hatch replacement cost share program – \$10 million request for funding looking at 200-400 jobs for 2-3 months.
 - [Update: Industry focusing efforts in other areas of relief and may seek funding in October if turn back funds are available.](#)
- Reviewing Satelitytics detection program potential
- Reviewing Remote Gas Capture program potential

Pipeline Employment

- WAWS expansions are currently needed. Need to get projects underway and there are plenty of opportunities for pipeline work. (Click here for more information) Submitted three projects at \$19.5 million resulting in a potential 100-150 jobs and 100,000-man hours for 4 months of work.
 - [Update: WAWS evaluating what work can be completed after the 1st of October – pending turn back fund availability.](#)

Well Shut-in Data Gathering

- Department of Energy interest in both reservoir dynamics of shut-in wells and temperature logs.

Emergency Commission Meeting

- [Next Emergency Commission meeting tentatively scheduled for September 8th – Budget Section meeting September 17th.](#)

Focus Area: Bakken Restart

Bakken Smart Restart - Proposals Under Consideration:

Funding and Investments

- Reviewing wells shut-in to determine those that most benefit North Dakota's economy and may require an incentive for an earlier restart. Cost to return a well back to production can range from \$25,000-\$50,000/well. Pipeline Authority is evaluating funding needed for operators to bring those wells back to production.
- Review options available for loan programs or grants available for operators.
 - Update: Only \$25-30 million in demand for \$200 million CPR Loan Funds. BND is looking at making \$100 million available for existing debt buydown. Oil and Gas operators would qualify for debt reduction and buydown funds.
- Commerce is preparing a proposal for the Emergency Commission but will continue to research options.
- State Land Board and State Investment Board have authority for private equity investments, prudent investor rules apply, could consider investments in well positioned operators.
- Any grant incentive would need to be spent by 12/30/20 to qualify for CARES Act funding.

Tax Proposals

- Review options available for a tiered approach (based on production of wells) to tax incentives for RTP; including MHA as well.