

Oil and Gas Division

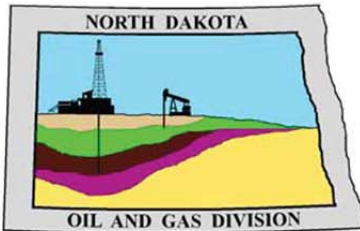
Lynn D. Helms - Director Bruce E. Hicks - Assistant Director

Department of Mineral Resources

Lynn D. Helms - Director

North Dakota Industrial Commission

www.oilgas.nd.gov



May 8, 2014

RE: **GAS CAPTURE PLANS REQUIRED ON ALL APD'S**

Dear Operator:

This letter is to facilitate understanding by operators that all Applications for a Permit to Drill (APD) submitted to the NDIC Oil & Gas Division, received after May 31, 2014, must be accompanied by a Gas Capture Plan (GCP). The plan is part of the North Dakota Industrial Commission's newly-adopted policy on reducing gas flaring. This requirement is for all wells which will be drilled to the Bakken, Three Forks, Three Forks/Bakken or Sanish Pools. The GCP must accompany all APD permit renewals.

The gas capture plan must contain the following information:

1. An affidavit signed by a company representative indicating:
 - a. The name of the gas gatherer(s) the company met with.
 - b. That the company supplied the gas gatherer(s) with the following information:
 - i. Anticipated completion date of well(s).
 - ii. Anticipated production rates of well(s).
2. A detailed gas gathering pipeline system location map which depicts the following information.
 - a. Name and location of the destination processing plant.
 - b. Name of gas gatherer and location of lines for each gas gatherer in the map vicinity.
 - c. The proposed route and tie-in point to connect the subject well to an existing gas line.
3. Information on the existing line, to which operator proposes to connect to, including:
 - a. Maximum current daily capacity of the existing gas line.
 - b. Current throughput of the existing gas line.
 - c. Anticipated daily capacity of existing gas line at date of first gas sales.
 - d. Anticipated throughput of existing gas line at date of first gas sales.
 - e. Gas gatherer issues or expansion plans for the area (if known).
4. A detailed flowback strategy including:
 - a. Anticipated date of first production.
 - b. Anticipated oil and gas rates and duration. If well is on a multi-well pad, include total for all wells being completed.

5. Amount of gas applicant is currently flaring:
 - a. Statewide percentage of gas flared (total gas flared/total gas produced) for existing wells producing from the Bakken petroleum system. Note industry target goals are to reduce flaring to 26% by 10-1-14, 23% by 1-1-15, 15% by 1-1-16, and 10% by 10-1-20.
 - b. Fieldwide percentage of gas flared.
6. Alternatives to flaring.
 - a. Explain specific alternate systems available for consideration.
 - b. Detail expected flaring reductions if such plans are implemented.

Permit consideration may be delayed or stipulations may be imposed (such as production restrictions) if applicant is unable to timely connect the subject well and alternatives to reduce the amount of flared gas will not be implemented.

The NDIC believes a concerted effort by operators in North Dakota is necessary to reduce the volume of flared gas, reduce the number of wells flaring, and reduce duration of flaring of wells, which will ultimately meet our goal to encourage and promote the development, production, and utilization of oil and gas in the state in such a manner as will prevent waste, maximize economic recovery, and fully protect the correlative rights of all owners to the end that the landowners, the royalty owners, the producers, and the general public realize the greatest possible good from these vital natural resources.

Should you require additional information, feel free to contact our office.

Sincerely,

Todd L. Holweger
DMR Permit Manager