

# Director's Cut

Lynn Helms  
NDIC Department of Mineral Resources

Jan Oil 7,319,521 barrels = 235,925 barrels/day  
Feb Oil 7,310,457 barrels = 261,088 barrels/day (preliminary) all time record high

Jan Gas 7,894,018 MCF = 254,686 MCF/day  
Feb Gas 7,856,503 MCF = 280,589 MCF/day (preliminary) all time record high

Jan Producing Wells = 4,628  
Feb Producing Wells = 4,655 all time record high

Jan Permitting: 101 drilling (0 shallow gas) and 3 seismic  
Feb Permitting: 94 drilling (0 shallow gas) and 2 seismic

Jan Sweet Crude Price = \$68.57/barrel  
Feb Sweet Crude Price = \$67.58/barrel  
Today Sweet Crude Price = \$72.59/barrel ND all time record high was \$136.29 July 3, 2008(Current spot price is \$6/BO below ND Sweet).

Jan rig count 81  
Feb rig count 93  
Mar rig count 102  
Today's rig count is 107

## Comments:

Bakken and Three Forks continue to dominate with over 95% of all drilling. Bowman County Red River production continues to decline with just one well drilling. Williston Basin crude pipelines have excess capacity with about 10% of our crude being shipped by rail and another 10% trucked to Canada. The EOG rail facility in Stanley is shipping three train loads per week. There are 5 additional pipeline projects in the review or engineering stage to increase export capacity in the 2011-2014 time period. Price differentials are running less than 10%. Tesoro has begun their turnaround.

Rig counts in the basin are still rising. Rig utilization rate in the northern Rockies is now about 70-75% for drilling and 60-65% for work-over rigs.

Drilling permit activity is very high.

The number of wells drilling on federal surface in the DPGL is up to 2.

Seismic activity is steady with 3 active shoots.

Leasing activity is high as well, but mainly renewals and top leasing in the mature Bakken area. Bottineau County is also very active.

Natural gas production remains volatile due to the high pressure air project in Bowman county, rapidly expanding gathering systems in Mountrail county, and the slow start up of the Stanley to Alliance line. Plant expansions plus new export pipelines are under way. US storage level is now 12% above the five-year average. North Dakota Shallow gas is likely not economic at this point.

Natural gas Watford City Delivery to Northern Border price is up to \$3.72/MCF.