Director’s Cut

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Nov Oil 10,695,153 barrels = 356,505 barrels/day
Dec Oil 10,659,867 barrels = 343,867 barrels/day (preliminary) (all time high 356,505
Nov 2010)

Nov Gas 10,693,372 MCF = 356,446 MCF/day
Dec Gas 10,601,691 MCF = 341,990 MCF/day (preliminary) (all time high 356,446
Nov 2010)

Nov Producing Wells = 5,331
Dec Producing Wells = 5,331 (all time record high)

Nov Permitting: 245 drilling (0 shallow gas) and 2 seismic
Dec Permitting: 134 drilling (0 shallow gas) and 0 seismic (all time high 245-0-2 Nov
2010)

Nov Sweet Crude Price = $75.74/barrel
Dec Sweet Crude Price = $81.03/barrel
Today Sweet Crude Price = $77.75/barrel ND (all time record high was $136.29 July 3,
2008)

Nov rig count 158
Dec rig count 163
Jan rig count 163
Today’s rig count is 165 (all time record high was 166 Dec 17-19, 2010)

Comments:
Over 95% of drilling continues to target the Bakken and Three Forks formations.
Bowman County Red River production is declining with just 2 wells drilling. Oil
production is being seriously impacted by severe winter weather with numerous wells
shut in waiting for oil movement. This is reflected in the 677 idle wells, the most since
February 2009 and June 2002 prior to that. It has been reported that well over 1 million
barrels has been stranded on producing locations periodically. We continue to have
surplus crude take away capacity when pipeline, rail, and truck transportation are all
included. Shipment by rail and crude trucked to Canada are both increasing. Additional
pipeline and rail projects in the various planning stages should provide adequate capacity
until 2015. North Dakota Sweet posted price versus NYMEX-WTI is steady at
approximately -10%.

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Rig counts in the Williston basin have stabilized for the winter. Utilization of 20,000 foot capable rigs is still 90%, but for rigs that can drill to 7,000 feet or less utilization remains below 50%. Low natural gas prices and concerns about deep water drilling are expected to continue boosting our rig count by as many as 6 rigs per month through year end 2011. The threat of federal regulation of hydraulic fracturing has picked up again with letters from congress to Administrator Jackson and new information about EPA study plans being published. The threat remains high for changes in the federal tax treatment of drilling costs.

Drilling permit activity has slowed due to winter weather and longer wait lists for fracturing services.

The number of wells drilling on federal surface in the Dakota Prairie Grasslands is up one to 3.

Seismic activity is also steady with 4 active shoots.

Leasing activity remains mainly focused in the Bakken - Three Forks thermal maturity area, but there is new significant activity south of Dickinson to the South Dakota border.

Natural gas production is down due to cold weather, but flaring remains well above normal. Significant new plant and gathering pipeline expansions have been announced and/or approved by the PSC. US storage is down sharply to 2.1% below the five-year average. North Dakota Shallow gas exploration is not economic at the current price.

Natural gas Watford City Delivery to Northern Border price is down slightly to $3.87/MCF.