

Director's Cut

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Feb Oil 9,773,765 barrels = 349,063 barrels/day
Mar Oil 11,147,249 barrels = 359,589 barrels/day (preliminary) (all time high)

Feb Gas 9,530,719 MCF = 340,383 MCF/day
Mar Gas 11,047,139 MCF = 356,359 MCF/day (preliminary) (all time high 356,446 Nov 2010)

Feb Producing Wells = 5,324
Mar Producing Wells = 5,439 (all time high)

Feb Permitting: 155 drilling (0 shallow gas) and 0 seismic
Mar Permitting: 149 drilling (0 shallow gas) and 2 seismic (all time high 245-0-2 Nov 2010)

Feb Sweet Crude Price = \$80.56/barrel
Mar Sweet Crude Price = \$95.51/barrel
Today Sweet Crude Price = \$96.00/barrel ND (all time record high \$136.29 July 3, 2008)

Feb rig count 167
Mar rig count 171
Apr rig count 173
Today's rig count is 178 (all time record high 178 May 9-10, 2011)

Comments:

The Bakken and Three Forks formations continue to be the target of over 95% of drilling wells. Bowman County Red River production has stabilized at about 28,000 barrels per day with 1 well drilling. In spite of severe winter weather daily production increased more than 10,000 barrels per day. The idle well count dropped to 774. There is surplus crude take away capacity with pipeline, rail, and truck transportation are all included. Additional pipeline and rail projects in the various planning stages should provide adequate capacity until 2015. North Dakota Sweet posted price versus NYMEX-WTI has increased again, but remains well below 10% at -6.4%.

Rig counts in the Williston basin are steady with spring weather and road restrictions in full swing. Utilization of rigs capable of +20,000 feet is around 95%, but for shallow well rigs that can drill to 7,000 feet or less utilization remains below 50%. Low natural gas prices and delayed permitting for deep water drilling continue to boost the ND rig count. The efforts to force federal regulation of hydraulic fracturing have picked up

again with hearings in congress, forums held by the Department of Interior, and an Obama Administration coordinated study by DOE, EPA, and DOI in addition to the congressionally mandated EPA study.

Drilling permit activity is high and steady, but well below record levels due to road restrictions, weather, and longer wait lists for fracturing services.

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

Seismic activity has stopped except for the Sanish buried array due to the spring thaw.

Leasing activity remains focused on renewals and top leases in the Bakken - Three Forks thermal maturity area, but there is significant activity south of Dickinson to the South Dakota border.

Natural gas production is up sharply in spite of cold weather. Flaring is increasing again to 27.3% (excluding the inert gases from tertiary recovery operations). Significant new plant and gathering pipeline expansions have been announced, but have to wait for warm dry weather. US storage is down slightly to 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 up 18% to \$4.26/MCF.