

# Director's Cut

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Mar Oil 11,168,656 barrels = 360,279 barrels/day  
Apr Oil 10,535,492 barrels = 351,183 barrels/day (preliminary) (all time high 360,279 Mar 2011)

Mar Gas 11,063,666 MCF = 356,892 MCF/day  
Apr Gas 10,758,355 MCF = 358,611 MCF/day (preliminary) (all time high)

Mar Producing Wells = 5,439  
Apr Producing Wells = 5,536 (all time high)

Mar Permitting: 149 drilling and 2 seismic  
Apr Permitting: 125 drilling and 1 seismic (all time high 245 and 2 Nov 2010)

Mar Sweet Crude Price = \$95.51/barrel  
Apr Sweet Crude Price = \$103.91/barrel  
Today Sweet Crude Price = \$86.50/barrel ND (all time record high \$136.29 July 3, 2008)

Mar rig count 171  
Apr rig count 173  
May rig count 175  
Today's rig count is 173 (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 27,000 barrels per day with 1 well drilling. The effects of severe winter weather and a rainy spring are showing up in lower daily production. This is likely to continue through June production. The idle well count dropped to 757, but is still near record highs. There continues to be 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 below 10% at -8.9%.

Rig counts in the Williston basin are lower with spring weather and road restrictions in full swing. Utilization of rigs capable of +20,000 feet is around 90%, but for shallow well rigs that can drill to 7,000 feet or less utilization remains below 50%. The efforts to force federal regulation of hydraulic fracturing remain high 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 fairly high, but well below record levels due to road restrictions, weather, and long waiting lists for fracturing services.

The number of wells drilling on federal surface in the Dakota Prairie Grasslands is up to 4.

Seismic activity has stopped except for the Sanish buried array due to the extreme wet conditions.

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.

Daily natural gas production is up in spite of weather and road restrictions. Flaring is up to a new record of 28.5% (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 significantly 3% 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 to \$4.32/MCF.