

Director's Cut

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Mar Oil 30,292,531 barrels = 977,178 barrels/day
Apr Oil 30,034,469 barrels = 1,001,149 barrels/day (preliminary)(NEW all-time high)
937,263 barrels per day or 94% from Bakken and Three Forks
63,886 barrels per day or 6% from legacy conventional pools

Mar Gas 33,654,572 MCF = 1,085,631 MCF/day
Apr Gas 34,012,259 MCF = 1,133,742 MCF/day (preliminary)(NEW all-time high)

Mar Producing Wells = 10,472
Apr Producing Wells = 10,658 (preliminary)(NEW all-time high)
7,386 Wells or 69% are now unconventional Bakken – Three forks wells
3,272 wells or 31% produce from legacy conventional pools

Mar Permitting: 250 drilling and 2 seismic
Apr Permitting: 233 drilling and 0 seismic
May Permitting: 234 drilling and 1 seismic (all time high was 370 in 10/2012)

Mar Sweet Crude Price = \$86.72/barrel
Apr Sweet Crude Price = \$85.68/barrel
May Sweet Crude Price = \$88.31/barrel
Today Sweet Crude Price = \$91.75/barrel (all-time high was \$136.29 7/3/2008)

Mar rig count 193
Apr rig count 188
May rig count 189
Today's rig count is 189 (all-time high was 218 on 5/29/2012)
The statewide rig count is down 13% from the high and in the five most active counties
rig count is down as follows:
McKenzie -9% (high was 1/2014)
Williams -24% (high was 3/2012)
Mountrail -12% (high was 6/2011)
Dunn -26% (high was 6/2012)
Divide -23% (high was 3/2013)

Comments:

The drilling rig count was down slightly from March to April and back up one rig from April to May. The number of well completions was unchanged at 200. The Tioga gas plant conversion transitioned from approximately 25% capacity at the beginning of the month to full capacity by the end of April. Weather continued to impact activity in April

with 3 days of road closures due to the heavy rain at the end of the month and 9 to 11 days with wind speeds in excess of 35 mph, too high for completion work.

Over 95% of drilling still targets the Bakken and Three Forks formations.

At the end of April there were about 600 wells waiting on completion services, a decrease of 35.

Crude oil take away capacity is expected to remain adequate as long as rail deliveries to coastal refineries keep growing.

Rig count in the Williston Basin is increasing slightly for summer. Utilization rate for rigs capable of 20,000+ feet remains above 90%, and for shallow well rigs (7,000 feet or less) about 60%.

Drilling permit activity returned to normal in April as operators began their summer programs.

The number of rigs actively drilling on federal surface in the Dakota Prairie Grasslands is down 1 to 0.

Activity on the Fort Berthold Reservation is as follows

20 drilling rigs (7 on fee lands and 13 on trust lands)

300,770 barrels of oil per day (113,456 from trust lands & 187,315 from fee lands)

1,174 active wells (748 on trust lands & 426 on fee lands)

160 wells waiting on completion

310 approved drilling permits (282 on trust lands & 28 on fee lands)

2,195 additional potential future wells (1,520 on trust lands & 675 on fee lands)

Seismic activity is steady 4 surveys active/recording, 2 remediating, 0 suspended, and 2 permitted. There are now 4 buried arrays in North Dakota for monitoring and optimizing hydraulic fracturing.

North Dakota leasing activity is very low, consisting mostly of renewals and top leases in the Bakken - Three Forks area.

US natural gas storage is now 35% below the five-year average indicating increasing prices in the foreseeable future. North Dakota shallow gas exploration may be economic at future gas prices.

The price of natural gas delivered to Northern Border at Watford City is down \$0.06 to \$4.23/MCF. This results in a current oil to gas price ratio of 22:1. The percentage of gas flared dropped to 30% as the new Tioga gas plant increased to full capacity from late March to the end of April. The historical high was 36% in 09/2011.

Draft BLM regulations for hydraulic fracturing on federal lands were published last year. BLM received over 177,000 comments and withdrew the rule. A new proposed rule was published in the federal register on 5/24/2013 and the comment period ended 8/23/2013. This time BLM received 1.2 million comments. Thanks to all who provided comments in support of a “states first” policy. Department of Interior has announced a goal of issuing a final rule by year end of 2014. In addition they have started the process of new venting and flaring regulations and held input sessions in Denver, Albuquerque, Dickinson, and Washington, DC.

EPA has published an advanced notice of proposed rule-making to seek comment on the information that should be reported or disclosed for hydraulic fracturing chemical substances and mixtures and the mechanism for obtaining this information. Comments will be due 90 days after publication in the Federal Register. We will keep you posted on the deadline. The proposed rule-making is in response to a petition from Earthjustice and 114 other groups who are opposed to the use of the GWPC-IOGCC FracFocus website process of chemical disclosure and any type of trade secret protection for hydraulic fracturing fluid mixtures. These groups are requesting EPA regulation of chemical disclosure under the federal Toxic Substances Control Act. Comments are due by 5pm EDT 8/18/14 and may be submitted as follows:

Submit your comments, identified by docket identification (ID) number EPA-HQ-OPPT-2011-1019, by one of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the online instructions for submitting comments.
- *Mail:* Document Control Office (7407M), Office of Pollution Prevention and Toxics (OPPT), Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460-0001.
- *Hand Delivery:* To make special arrangements for hand delivery or delivery of boxed information, please follow the instructions at <http://www.epa.gov/dockets/contacts.html>.