

Director's Cut

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Apr Oil 30,097,687 barrels = 1,003,256 barrels/day
May Oil 32,228,691 barrels = 1,039,635 barrels/day (preliminary)(NEW all-time high)
974,695 barrels per day or 94% from Bakken and Three Forks
64,940 barrels per day or 6% from legacy conventional pools

Apr Gas 34,055,825 MCF = 1,135,194 MCF/day
May Gas 36,940,468 MCF = 1,191,628 MCF/day (preliminary)(NEW all-time high)

Apr Producing Wells = 10,665
May Producing Wells = 10,892 (preliminary)(NEW all-time high)
7,526 Wells or 69% are now unconventional Bakken – Three forks wells
3,366 wells or 31% produce from legacy conventional pools

Apr Permitting: 233 drilling and 0 seismic
May Permitting: 234 drilling and 1 seismic
Jun Permitting: 247 drilling and 0 seismic (all time high was 370 in 10/2012)

Apr Sweet Crude Price = \$85.68/barrel
May Sweet Crude Price = \$88.31/barrel
Jun Sweet Crude Price = \$90.03/barrel
Today Sweet Crude Price = \$84.50/barrel (all-time high was \$136.29 7/3/2008)

Apr rig count 188
May rig count 189
Jun rig count 190
Today's rig count is 191 (all-time high was 218 on 5/29/2012)
The statewide rig count is down 14% from the high and in the five most active counties
rig count is down as follows:
McKenzie -7% (high was 1/2014)
Williams -24% (high was 3/2012)
Mountrail -20% (high was 6/2011)
Dunn -32% (high was 6/2012)
Divide -15% (high was 3/2013)

Comments:

The drilling rig count was up slightly from April to May, and from May to June the rig count increased by one. The number of well completions increased 14% to 227, but weather continued to impact activity in May with 2 days of heavy rain near Dickinson and 5 to 6 days with wind speeds in excess of 35 mph (too high for completion work).

Dickinson had 53 mph winds out of the north on May 26th, but Minot was tops with 54 mph winds out of the south on May 29th.

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

At the end of May there were about 610 wells waiting on completion services, an increase of 10.

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 continues to increase as operators begin their summer programs and are already planning location construction for next winter.

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

Activity on the Fort Berthold Reservation is as follows

22 drilling rigs (8 on fee lands and 14 on trust lands)

300,874 barrels of oil per day (103,834 from trust lands & 197,040 from fee lands)

1,220 active wells (748 on trust lands & 472 on fee lands)

156 wells waiting on completion

312 approved drilling permits (285 on trust lands & 27 on fee lands)

2,149 additional potential future wells (1,520 on trust lands & 629 on fee lands)

Seismic activity is steady 4 surveys active/recording, 2 remediating, 1 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 28% below the five-year average indicating increasing prices in the foreseeable future. North Dakota shallow gas exploration may be economic at future gas prices and as you are aware drilling is underway in Emmons County.

The price of natural gas delivered to Northern Border at Watford City is down \$0.36 to \$3.87/MCF. This results in a current oil to gas price ratio of 22 to 1. The percentage of gas flared dropped to 28% as the new Tioga gas plant increased to full capacity. 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 over 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>.