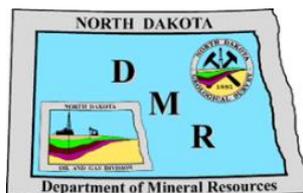


NORTH DAKOTA
DEPARTMENT OF MINERAL RESOURCES:
OIL & GAS UPDATE

June 29, 2018 | NARO Conference



Visit Us: www.dmr.nd.gov

PRODUCTION

GAS CAPTURE

SPILL REPORTING

ROYALTY STATEMENTS

ORDINARY HIGH WATER MARK SURVEY

Raising the bar in 2018

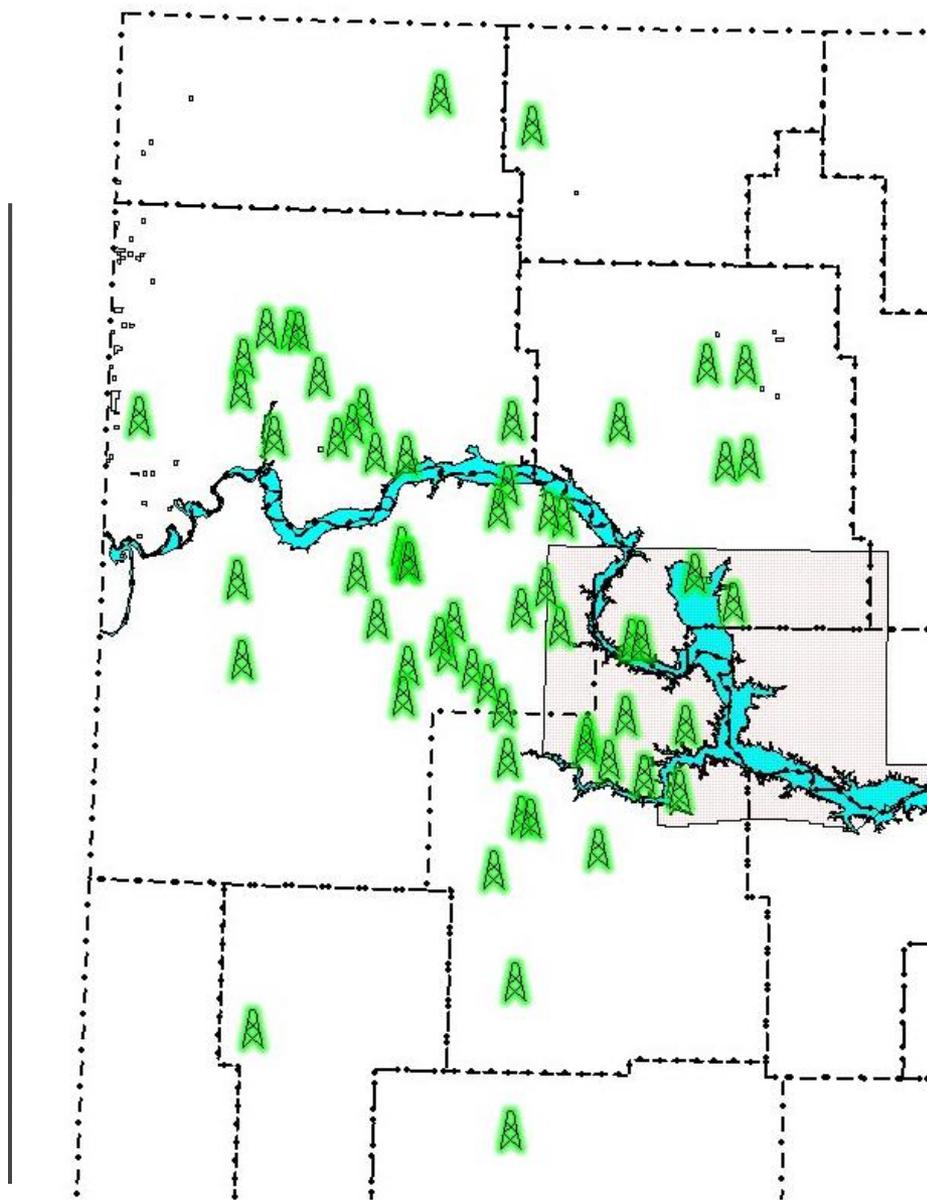
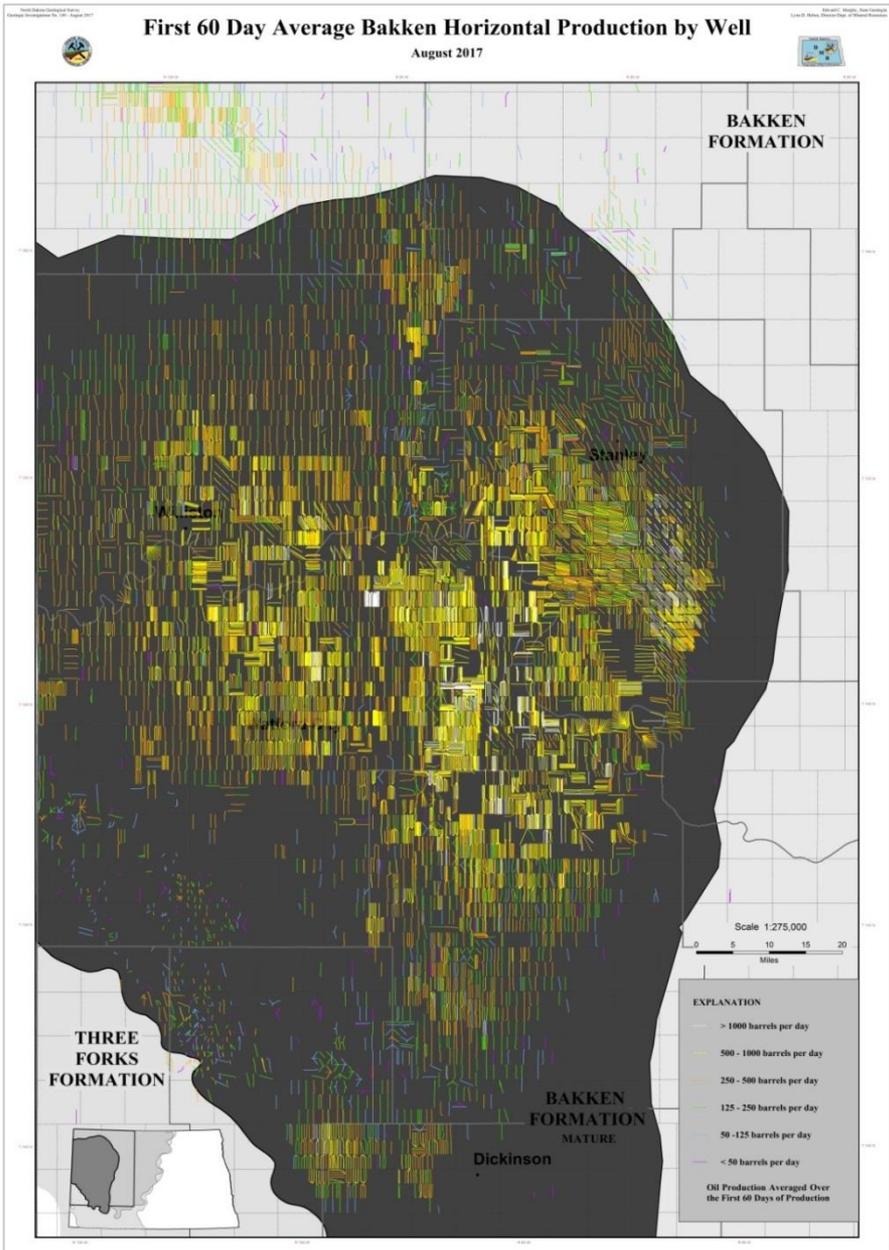
North Dakota Average Monthly Rig Count



— Rig Count

— ND Sweet Oil Price

..... Spuds / Month / Rig



North Dakota Average Monthly Rig Count

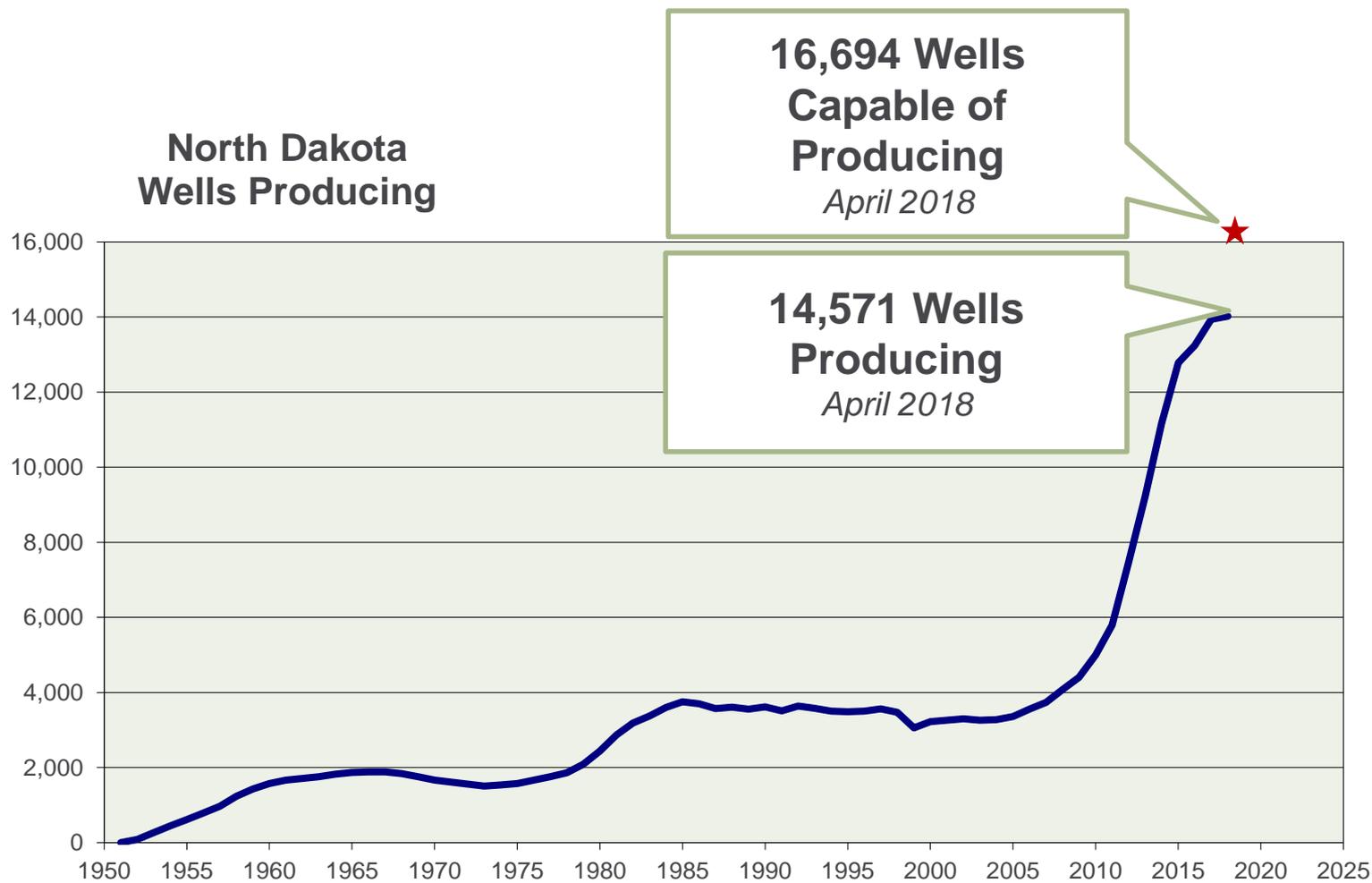


— Rig Count

— ND Sweet Oil Price

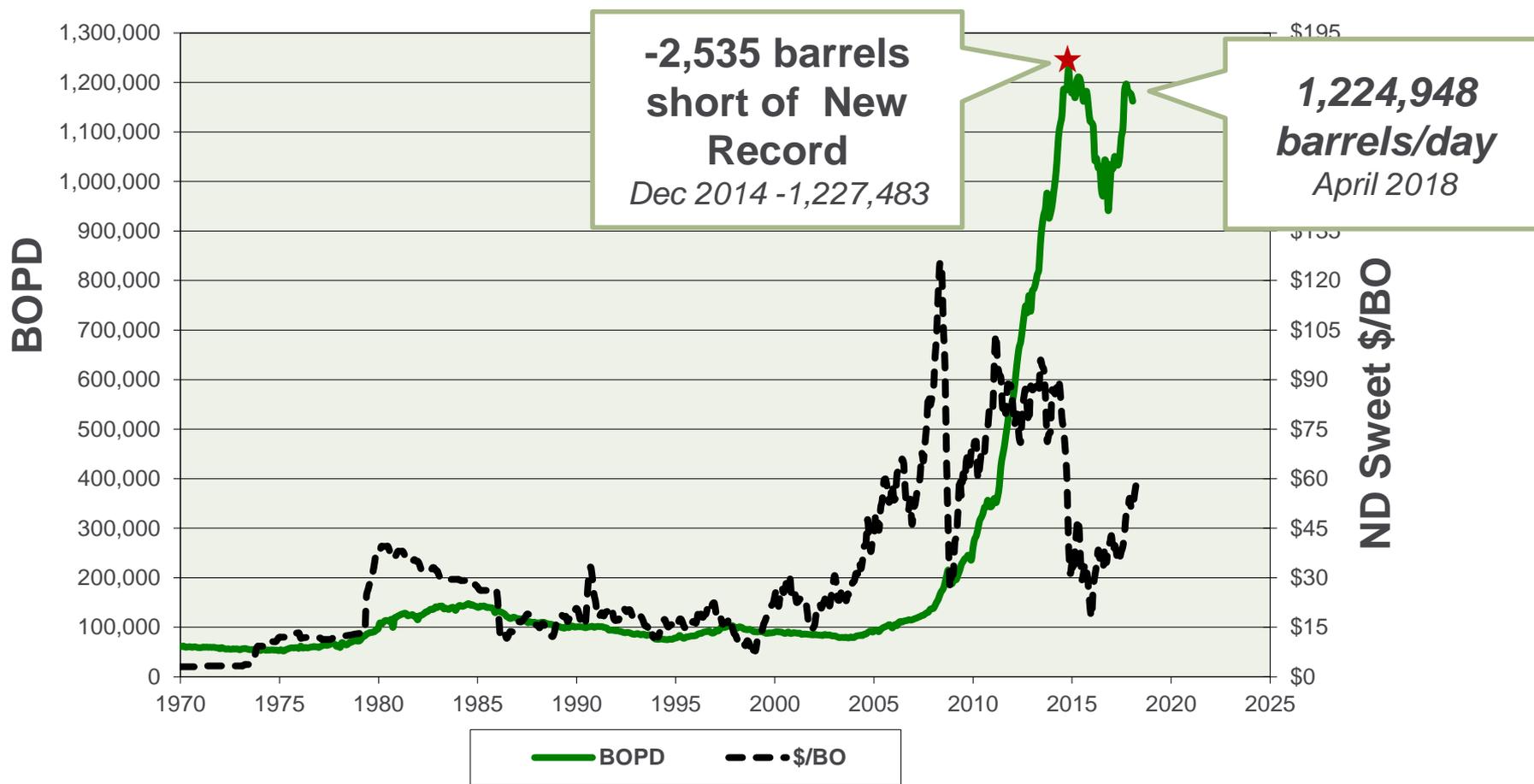
..... Spuds / Month / Rig

Rig & Well Counts



Oil & Gas Production

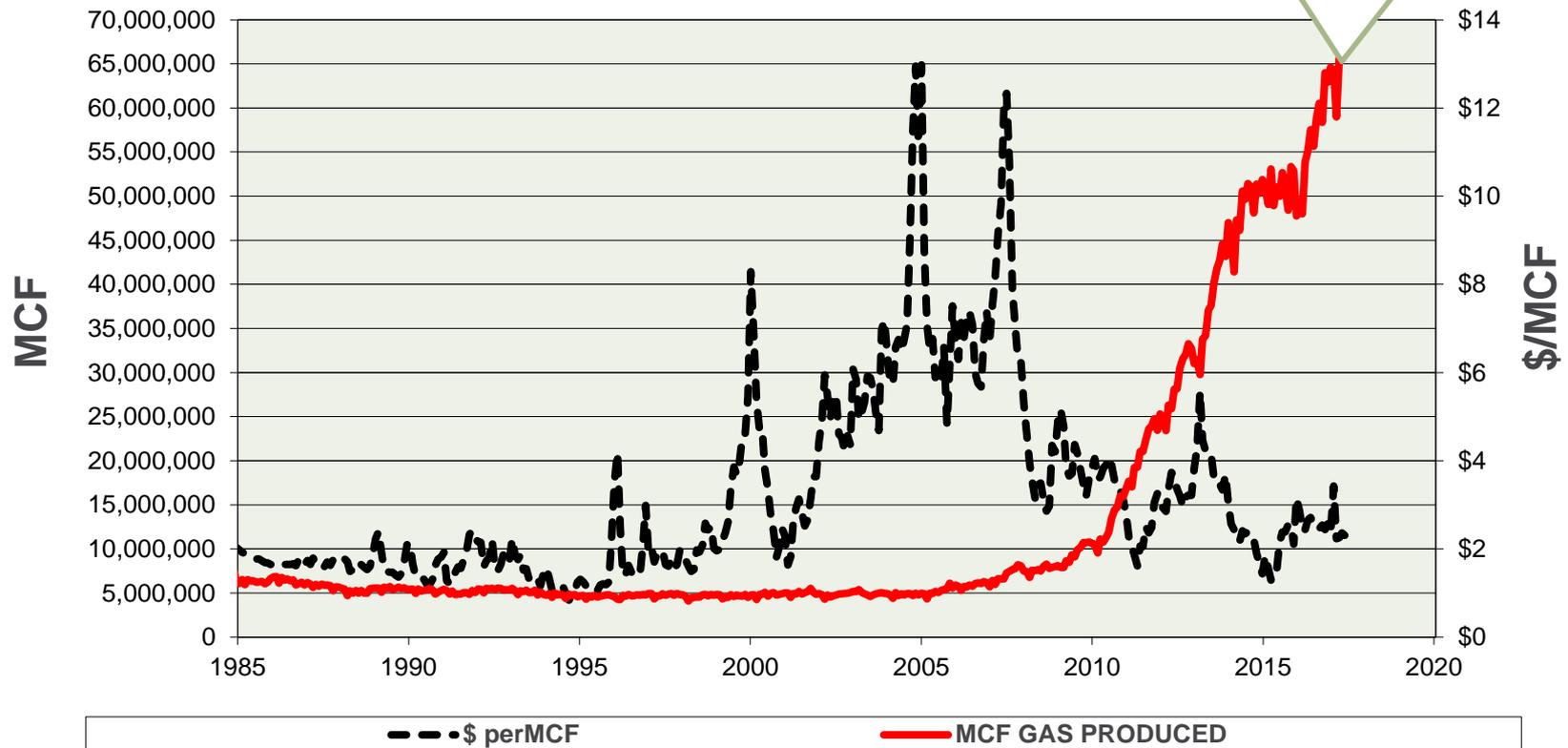
North Dakota Daily Oil Produced and Price



Oil & Gas Production

North Dakota Monthly Gas Produced and Price

All-time high
67,248,699 MCF
2,241,623 MCF/day
April 2018



PRODUCTION

GAS CAPTURE

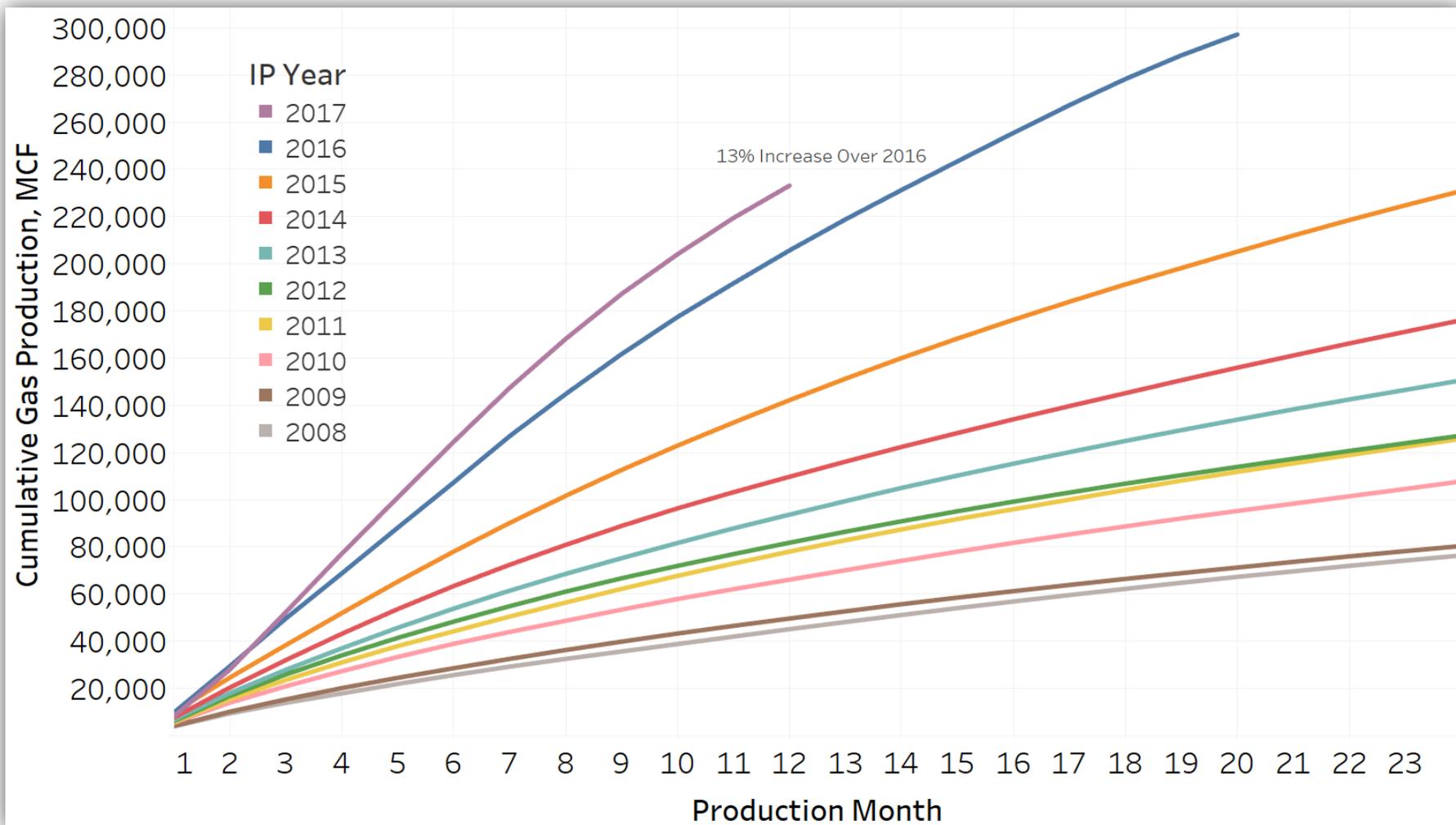
Spill Reporting

ROYALTY STATEMENTS

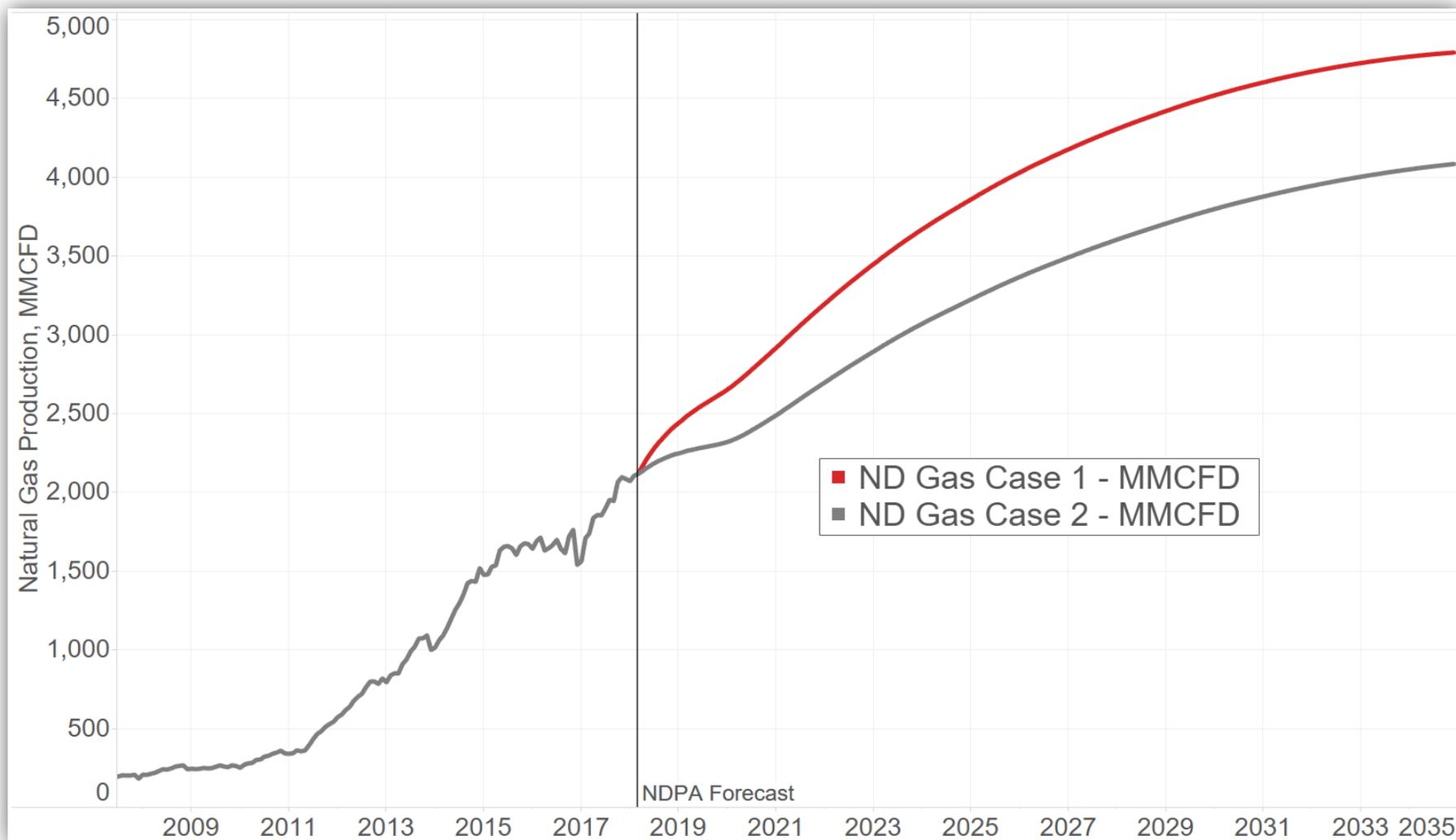
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Raising the bar in 2018

Gas Performance



Gas Production Forecast

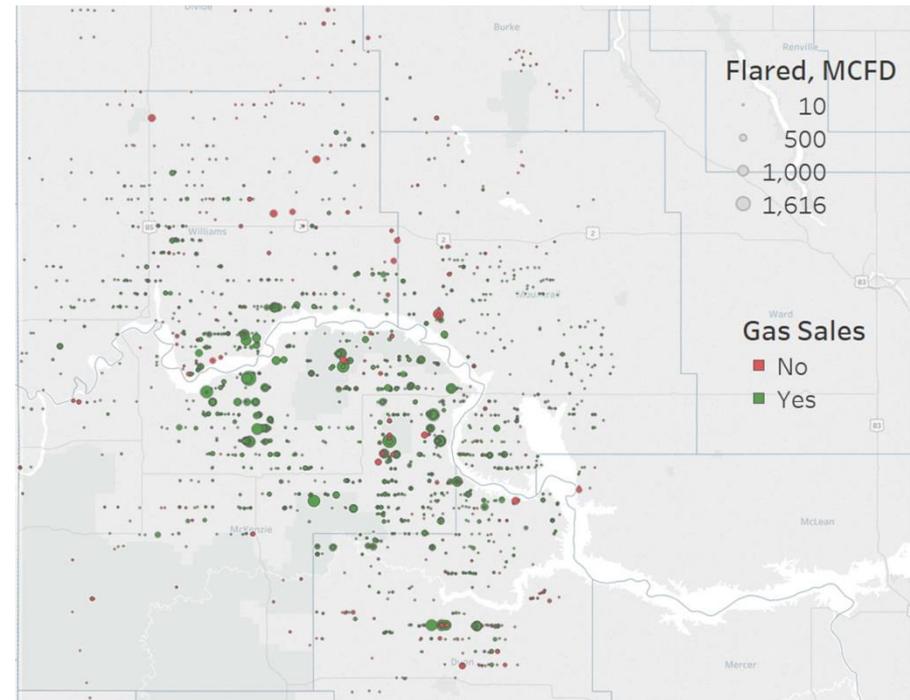


Gas Capture Policy

NDIC Order 24665

Policy Goals

- Reduce flared volume of gas
- Reduce number of wells flaring
- Reduce the duration of flaring from wells



Non-confidential Bakken/Three Forks/Sanish Only (Wells Flaring 10+ mcfd)

© OpenStreetMap contributors

74%
Oct 2014-Dec
2014

77%
Jan 2015-
March 2016

80%
April 2016-
Oct 2016

85%
Nov 2016-
Oct 2018

88%
Nov 2018-
Oct 2020

91%
Nov 2020

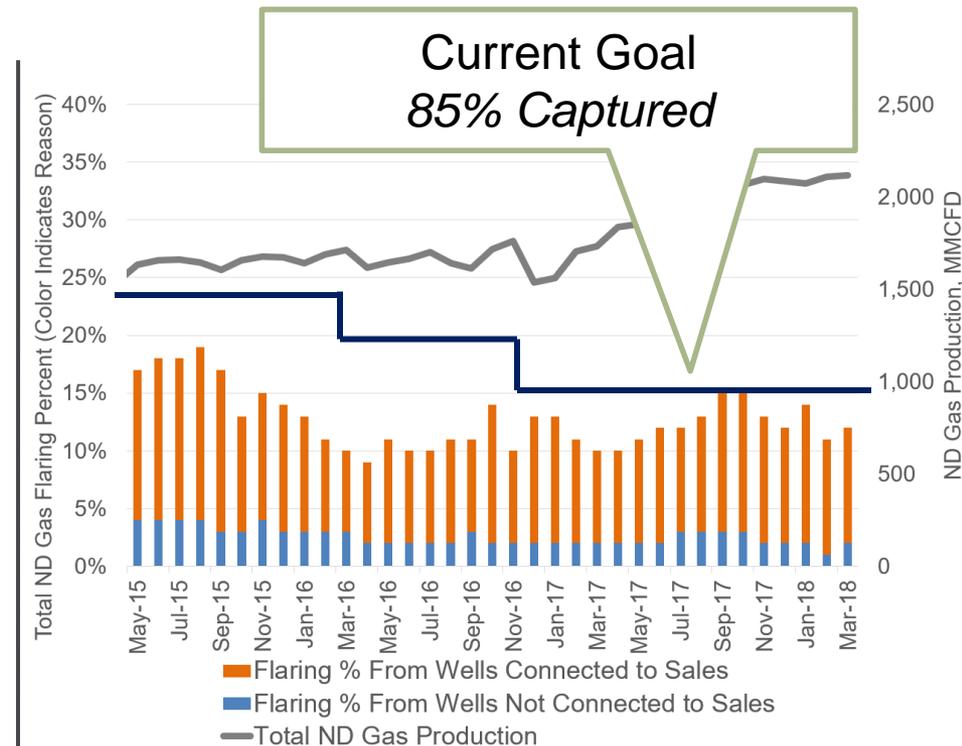
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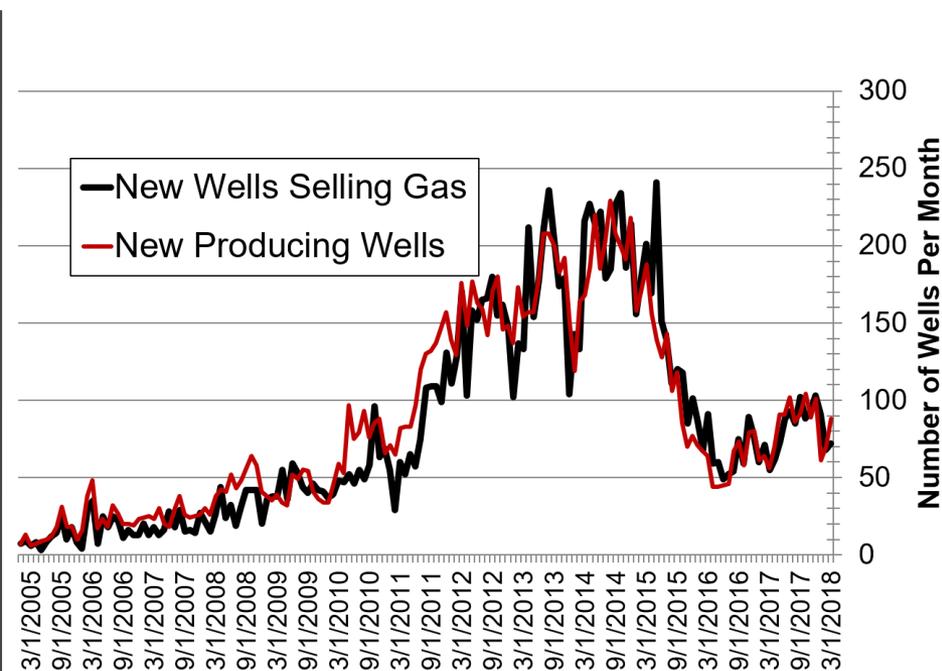
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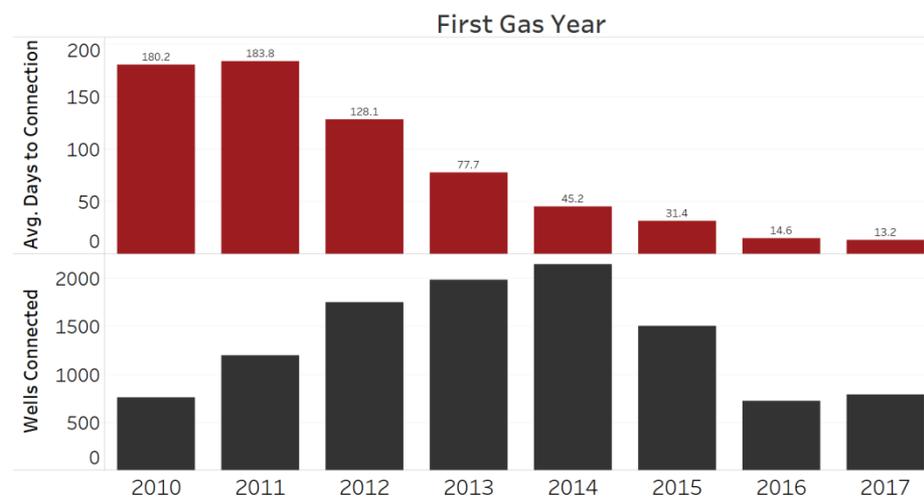
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Gas Capture Policy

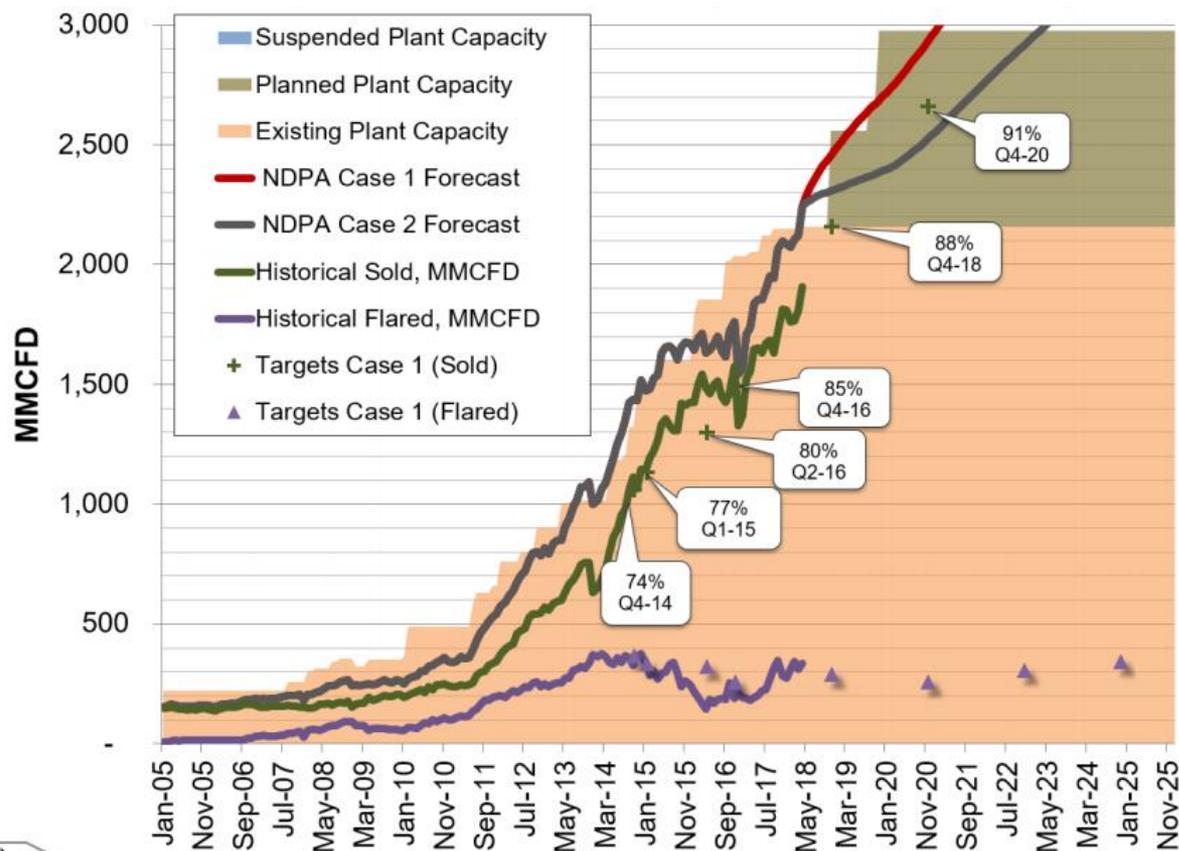
What's Next?

New Gas Processing Infrastructure:

- Oasis, Liberty Midstream, and Targa/Hess capacity to come in 2018

Production Restrictions:

- 200bbls/day meeting at least 60% capture
- 100 bbls/day restrictions on all other wells



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PRODUCTION

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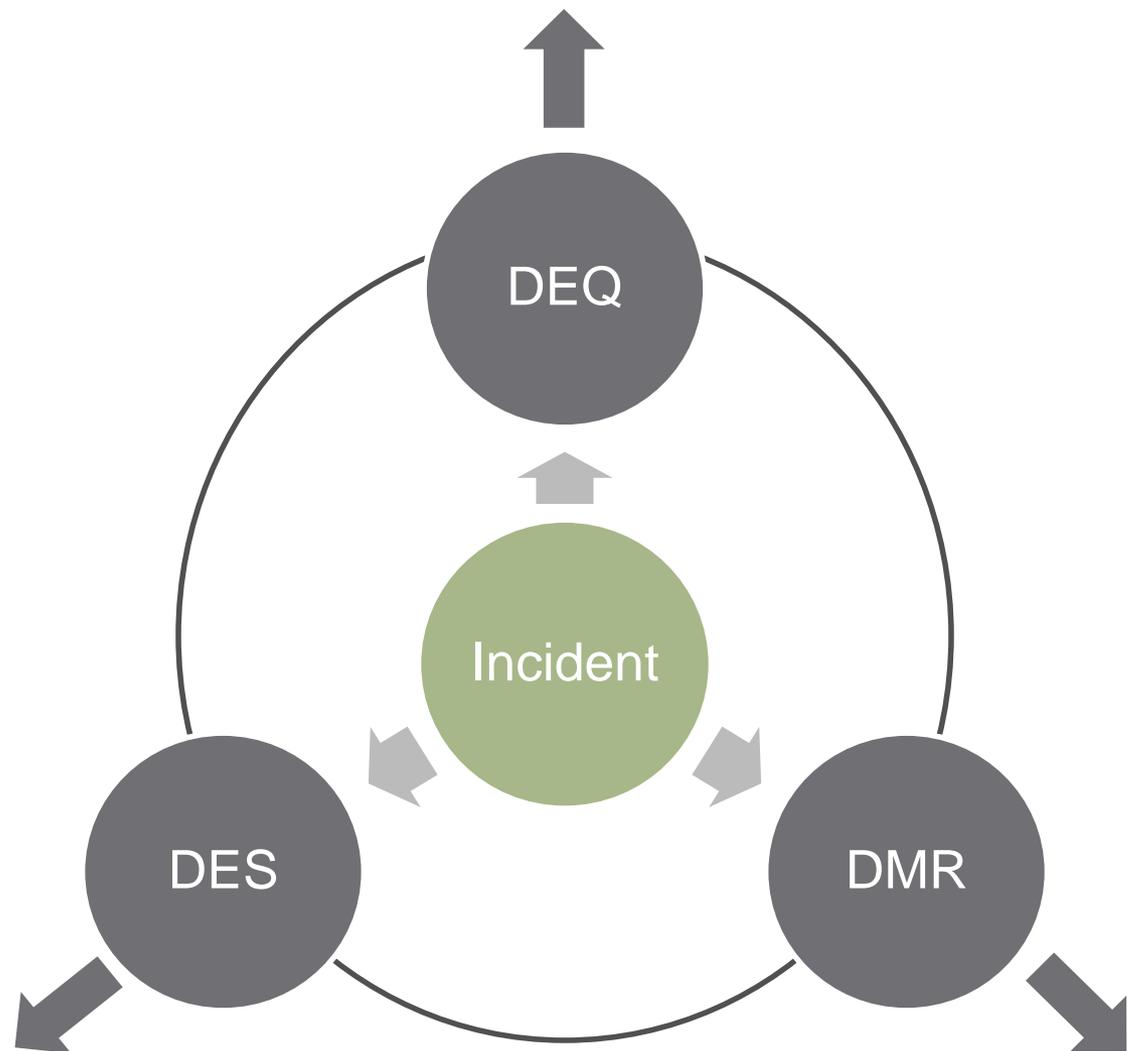
ORDINARY HIGH WATER MARK SURVEY

Raising the bar in 2018

Unified Spill Reporting

Current Process

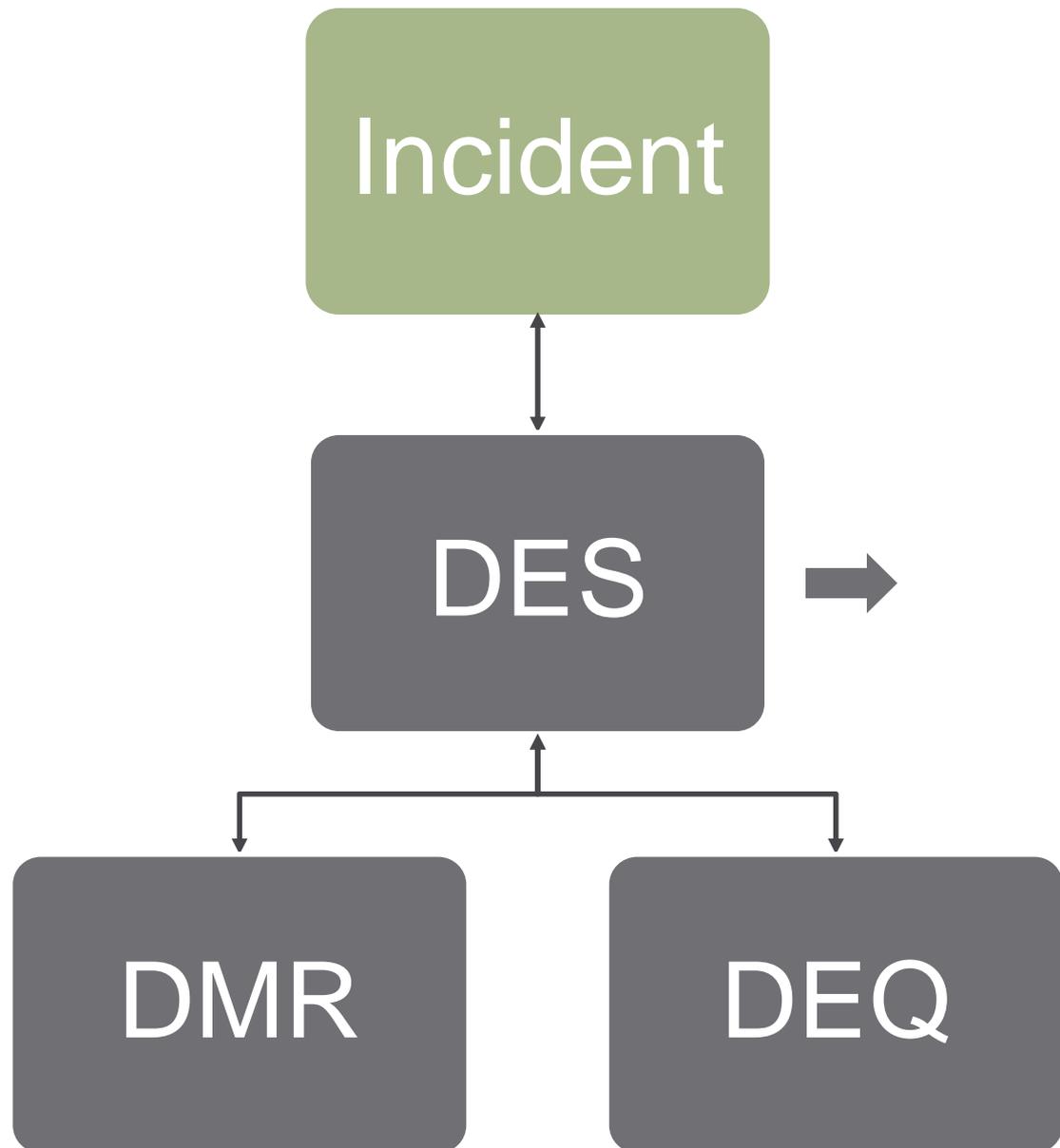
- Multiple places to submit forms
- Confusion among operators and public



Unified Spill Reporting

Improvement Goals

- One stop location for reporting
- Information sharing between agencies & databases



PRODUCTION
GAS CAPTURE
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Royalty Statements

North Dakota Administrative Code: 43-02-06-01

Royalty Owner Information Statement

Changes
effective:

July 1, 2019

- *DMR completing compliance reviews – at this time none meeting impending requirement.*

- Price: Addition of natural gas liquids to the price breakdown.
- Deductions & Adjustments: Will be broken into two sections
 - Adjustments: The amount and purpose of each adjustment or correction made
 - Deductions: The amount and purpose of each deduction separated into four categories:



Royalty Statements

North Dakota Administrative Code: 43-02-06-01.1
Ownership Interest Information Statement

**Changes
effective:
July 1, 2019**

- Operator or payor shall provide the mineral owner with a statement identifying:
 - Spacing unit for the well (AND the effective date of the spacing unit change if applicable);
 - the net mineral acres owned by the mineral owner;
 - the gross mineral acres in the spacing unit; and
 - the mineral owner's decimal interest that will be applied to the well.
- Statement will be sent within 120 days after the end of the month of the first sale of production from a well OR change in the spacing unit of a well.

PRODUCTION
GAS CAPTURE
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OHWM Survey | Timeline

April 21, 2017

- Legislature passes & Governor signs Senate Bill 2134

April 17, 2017

- Wenck study Ordinary High Water Mark of the Missouri River Bed Review released

June 20, 2018

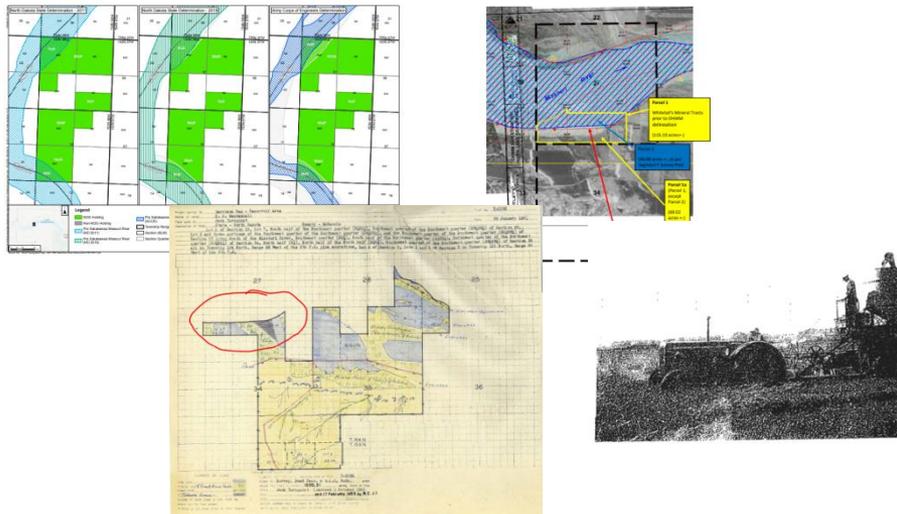
- Written public comment period closed

June 26, 2018

- Public hearing

OHWM Survey | Public Input

- 1,435 pages of written comments submitted by 26 entities.
- 11 representatives commented during the public hearing.



- ...recommendation for calculating the acreages that are above and below the ordinary high water mark.
- ...clarification of ownership of islands formed on the bed of the Missouri River after statehood.
- ...redefining land labeled “flooded land” which was once used for ranching operations

OHWM Survey | Next Steps

Department of Mineral Resources and Wenck review comments and develop final recommendation to Industrial Commission.

Industrial Commission to adopt or modify recommendations.

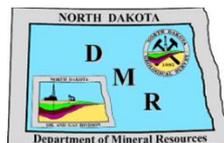
Industrial Commission's findings to determine the delineation of the ordinary high water mark for the segment of river addressed.

NORTH DAKOTA
DEPARTMENT OF MINERAL RESOURCES
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Bismarck, ND 58505

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