



INDUSTRIAL COMMISSION OF NORTH DAKOTA

NORTH DAKOTA PIPELINE AUTHORITY

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The Pipeline Publication

Keeping North Dakota Connected

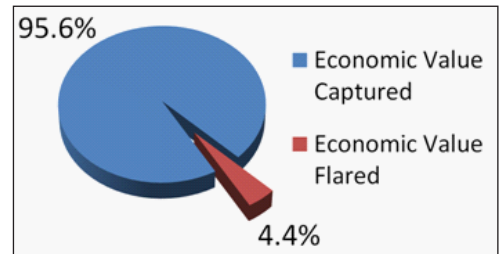
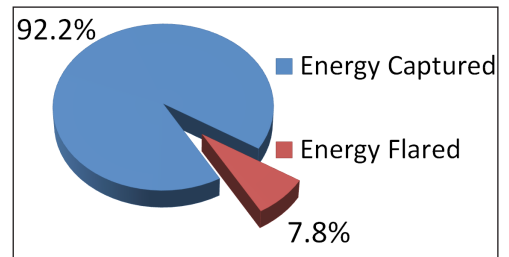
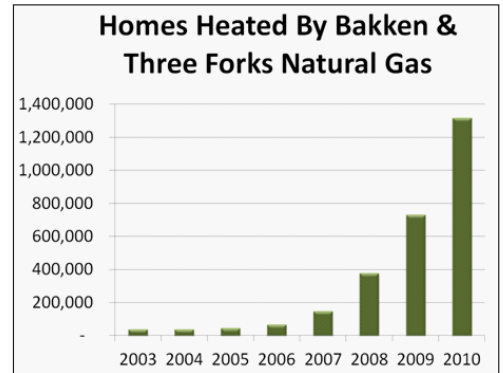
Volume IV Issue III - November 2011

November Natural Gas Webinar

In an effort to keep interested parties up-to-date on natural gas gathering and flaring issues in North Dakota, the Pipeline Authority hosted a comprehensive webinar covering a wide variety of aspects surrounding the subject. Organizations that participated in the event included North Dakota Oil & Gas Division, Energy Policy Research Foundation, ONEOK Partners, North Dakota Oil & Gas Research Program, Bakken Express, and Blaise Energy. The full webinar video and slides are available for replay on the Pipeline Authority website.

Some highlights of the event included the following information:

- From 2011 to 2013, North Dakota will see over \$3 billion invested in new or expanded natural gas processing and transportation systems
- 389% increase in natural gas processing capacity from 2006 to year end 2012
- Bakken and Three Forks natural gas gathered and captured in North Dakota heats 1.3 million homes in the United States
- 92.2% of all the potential petroleum energy being extracted from the ground in western North Dakota is being captured and sold to market
- 95.6% of the potential monetary value is being captured in western North Dakota by the petroleum industry
- Some challenges to gathering and processing Bakken and Three Forks gas include the enormous size of the oil field, winter and spring working conditions, and workforce availability
- The state of North Dakota has invested roughly \$2 million in research and development efforts to explore unconventional methods of capturing natural gas
- Bakken and Three Forks natural gas has a very high wellhead value due to the rich content of natural gas liquids (ethane, butane, propane, etc)



North Dakota Petroleum Development Efficiency – September 2011 Data

North Dakota Production Numbers

	July-11	Aug-11	Sept-11
Average Daily Oil Production, BOPD	424,975	446,100	464,122
Average Daily Gas Production, MMCFD	432,857	462,897	485,075
Average Rig Count	177	192	197

As of November 18, 2011, there are 203 active rigs in North Dakota.

www.pipeline.nd.gov

Bakken Express Holding Non-Binding Open Season

On November 1, Bakken Express launched a non-binding open season to expand its operations of compressed natural gas gathering and trucking. Bakken Express is proposing to build up to 95 mobile compressor units, which could capture and compress up to 66 million cubic feet of gas per day (MMCFD) for transport by truck to pipeline unloading stations. The open season closes December 15, 2011 and the first set of compressor units could be put in service by the fourth quarter of 2012.

Keystone XL Pipeline Decision Delayed Until 2013

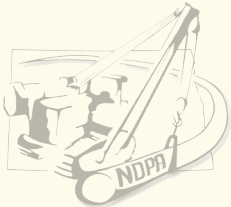
On November 10, the U.S. Department of State issued a statement indicating that a Keystone XL Presidential Permit decision would not be issued until the first quarter of 2013, at the earliest. This additional 12-18 month delay was implemented as alternative pipeline routes through the state of Nebraska are explored and reviewed.

The good news for industry in the Williston Basin, is that the recent ramp-up in rail transportation capacity will allow oil production to be moved to market in the near term until the Keystone XL Pipeline can be constructed. TransCanada officials remain confident that once route issues are resolved in Nebraska, the project will move forward.

Further Baker Expansions Proposed

From October 27 to November 7, Belle Fourche Pipeline held a non-binding open season to seek support for further pipeline capacity out of the Baker, MT hub. The proposed project would add 65,000 barrels of oil per day (BOPD) to the previously announced "Baker 300" project. The expansion project would allow 20,000 BOPD to be delivered to Casper, WY, thus opening up delivery options to Salt Lake City, UT refiners. As proposed, the project could be in service by mid-2013.

A key component of this expansion project is the recent proposal by Kinder Morgan to convert the Pony Express Pipeline from natural gas service into crude oil service. This conversion will allow up to 210,000 BOPD to be shipped out of the Guernsey, WY hub to Cushing, OK.



North Dakota Pipeline Authority

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