



page 3 WEA study finds western states oil and gas use relatively little water

### Dakota Prairie progress



VERN WHITTEN PHOTOGRAPHY

Construction continued in late June on the 20,000 barrel per day diesel topping Dakota Prairie Refinery west of Dickinson, North Dakota. The refinery, a joint venture between MDU Resources and Calumet Specialty Products, is the first refinery built in the U.S. in over 30 years.

### Fidelity sells fraction of ND assets to Lime Rock Resources

Houston-based Lime Rock Resources appears to be building its asset base in the Bakken.

On July 21, MDU Resources announced a \$200 million sale of approximately 4,363 net acres in Mountrail County operated by its subsidiary Fidelity Exploration and Production Co. The acreage has a daily production of about 2,000 barrels of oil from 81 gross wells, of which 49 are operated by Fidelity. The MDU subsidiary will continue to



DAVID GOODIN

see FIDELITY page 17

### ND tracts boost BLM lease price

Oil and gas leases averaged \$70 in the BLM's Montana/Dakotas July 15 auction, one of the lowest averages in recent years and far below the six-year average of \$505. However, were it not for one tract in McKenzie County and three in Divide County, North Dakota, totaling 36.24 acres, the average would have been far lower. With prime Bakken acreage dwindling, attention has recently turned to prospects farther out on the fringe as well as outside of the Bakken/Three Forks play.

The July auction was limited to North and South Dakota leases. Of the 15,469 acres leased in the auction, only 705 acres were in North Dakota, most in Golden Valley and Bottineau counties (see table). All of the remaining acreage

see PRICE page 16

### Fed proposes CBR rules as API rebuts DOT Bakken crude views

The federal government is poised to take action to prevent any further disastrous crude-by-rail accidents.

The U.S. Department of Transportation, DOT, released details on July 23 of proposed rule changes to improve the safety of moving oil by rail. The document proposes enhanced tank car standards, a classification and testing program for mined gases and liquids, and new operation requirements for high-hazard flammable



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see DOT page 14

### GOVERNMENT

## Laying framework

As DMR prepares to enforce new flaring rules, industry wants to be ready

BY MAXINE HERR

For Petroleum News Bakken

Explaining a tiered approach to enforcing North Dakota's new flaring regulations has answered many of the concerns of the oil and gas industry doing business in the Bakken.

On July 21, the state's Department of Mineral Resources, DMR, Director Lynn Helms and industry representatives met to clarify certain aspects of the new order that became effective after a vote from the North Dakota Industrial Commission, NDIC, on July 1. The key to the order is to meet gas capture targets



ALISON RITTER

at regular intervals in order to reduce flaring to about 5 to 10 percent by 2016. The first target is to capture 74 percent by Oct. 1. The industry, however, felt the order left many unanswered questions and compiled a list of more than 60 questions which were then whittled down to about 10 to bring to Helms.

DMR spokeswoman Alison Ritter told Petroleum News Bakken that the biggest concern of the industry was how compliance would be addressed. Helms explained that gas capture targets will be reviewed according to each operator, and DMR production auditors will first determine if an operator is in compliance on a state level. If so, then no further action will be taken. This system of review will continue based on county,

see FRAMEWORK page 20

### MOVING HYDROCARBONS

## Contrasting positions

Two ambassadors portray different images when it comes to Keystone XL

BY GARY PARK

For Petroleum News Bakken

It was a case of two ambassadors speaking to the same conference near Vancouver on July 22 without getting close to a common expression of views on Keystone XL, reflecting the mood of frustration in Canadian governments and the petroleum industry.

Gary Doer, Canada's envoy in Washington, D.C., said procrastinating in the Obama administration over the



GARY DOER



BRUCE HEYMAN

TransCanada pipeline is now taking its toll in other sectors of the U.S. economy.

Bruce Heyman, the newly installed U.S. ambassador in Canada, sat stoically through Doer's presentation, but had nothing new to report beyond saying he understood concerns in Canada about stalling on a final XL decision.

The closest he came to offering a shred of hope to delegates at the annual Pacific Northwest Economic Region

see POSITIONS page 14

### PRODUCTION & RECOVERY

## OPEC feels pinch from US

'Healthy growth' from ND, TX and GOM cut into cartel's market share

BY MIKE ELLERD

Petroleum News Bakken

In its annual statistics bulletin released on July 18, the Organization of the Petroleum Exporting Countries, OPEC, indicated that global crude oil production averaged 72.84 million barrels per day in 2013, and that OPEC's market share of the global output declined 2.5 percent from 2012, primarily due to increasing competition from the U.S.

OPEC member countries averaged 31.61 million bpd or 43.4 percent of the 72.84 million bpd produced in 2013. In 2012, OPEC member countries averaged 32.42 million bpd, which was 44.6

see OPEC page 18

### Comparing global EIA and OPEC projections

In its latest estimates of global supply and demand released on July 8, the U.S. Energy Information Administration, EIA, estimates global oil consumption averaged 90.5 million barrels per day in 2013, slightly higher than the 90.1 million bpd demand projected by the Organization of the Petroleum Exporting Countries, OPEC. EIA estimates global crude consumption to increase by 1.1 million bpd in 2014 and by 1.5 million bpd in 2015, putting

see COMPARE page 18