

Petroleum

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BAKKEN



page 3 Forecast puts North Dakota oil production at 2M bpd by 2019

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Twelve and counting



VERN WHITTEN PHOTOGRAPHY

A Nabors rig drills on a Hess pad in the Alger field in west-central Mountrail County, North Dakota, in August. The pad currently has twelve producing wells with three more being drilled.

Railroads buck trend with export gain amid narrowing price spread

Railroads made a slight gain in U.S. Williston Basin crude oil export market share in July accounting for 60 percent of exports out of the basin, up from 59 percent in June according to data released by the North Dakota Pipeline Authority, NDPA, on Sept. 12. That 1 percent increase came at the expense of pipeline exports which fell from 34 to 33 percent in market share.

Steady with recent months was the 6 percent of U.S. Williston Basin crude shipped via pipeline to the Tesoro refinery in Mandan and the 1 percent trucked over the border to Canadian pipelines. Considering that the combined 7 percent of basin crude was ultimately transported via pipe, pipelines total export share stood at 40 percent for the month.

With total U.S. Williston Basin crude oil production averaging approximately 1.2 million barrels per day (see story below), railroads moved approximately 720,000 bpd out of the basin in July and pipelines, all totaled, moved the other



JUSTIN KRINGSTAD

see OIL EXPORTS page 22

ND's output growth slows in July

While North Dakota's crude oil production increased for the seventh consecutive month, setting yet another record averaging 1,110,316 barrels per day according to preliminary figures released on Sept. 12, that output was an increase of just 17,797 bpd over June's production, marking the lowest increase in production in the state since January (see chart). Oil production in June increased by 52,050 bpd over May output, the largest monthly production increase in the state's history.

"It's about half of what I honestly expected out of the July numbers," Department of Mineral Resources, DMR, Director Lynn Helms said in a monthly press conference on Sept. 12. "I didn't think we would probably see as big of production increase as we saw in June because that was the first month out of the gate with summer weather, but it was less than what I had really anticipated."

Helms said he had not looked closely at the production data, but believed the slower growth in July could be related to the increased effort among industry and government to reduce flaring in the state (see story on the top of this page). "I haven't had a chance to really dive into the numbers to figure it out," Helms said, but added that "I think part of it may be our focus on flaring and gas capture and the companies

see ND OUTPUT page 23

GOVERNMENT

Burning issues

ND operators ramping up as a new era of flaring governance draws near

By MAXINE HERR

For Petroleum News Bakken

North Dakota's natural gas production rose nearly 40 million cubic feet per day in July, a 3 percent increase, and the state's gas capture also rose, increasing from 72 percent in June to 74 percent in July indicating that the industry's efforts to capture more gas are working.

However, those are cumulative statistics with some operators capturing more than 74 percent and



LYNN HELMS



RON NESS

others capturing less as drilling activity continuing to rise. The state's Department of Mineral Resources Director Lynn Helms said the industry "will have to work very hard" in order to meet the upcoming requirements set by the North Dakota Industrial Commission, NDIC, that require that each operator capture 74 percent of produced gas by Oct. 1 and 77 percent by Jan. 1.

North Dakota Petroleum Council President Ron Ness

see BURNING ISSUES page 24

GOVERNMENT

Equipped for challenges

Prentice brings wide-ranging skill set as he takes over Alberta's premiership

By GARY PARK

For Petroleum News Bakken

Hopes of building a bridge between First Nations and the proponents of four crude oil pipelines — Keystone XL, Northern Gateway, Trans Mountain and Energy East — may be down to their last chance.

But the chance of success may be better than at any recent time as Jim Prentice moves into the Alberta premier's office, having been elected leader of the province's governing Progressive Conservative party on Sept. 6.

It is doubtful if anyone else could bring a bet-



JIM PRENTICE

ter set of experience, natural conciliation skills and integrity to his dealings with the energy industry and the aboriginal community.

And no one has shown greater determination to overcome the obstacles to energy development and exports by seeking alternatives to time-work arguments.

A long resume

In his early days after graduating from university he was law commissioner for the Indian

see PRENTICE SKILL SET page 21

LAND & LEASING

Flooded with controversy

North Dakota seeks cooperation from feds on Missouri River oil and gas leases

By MAXINE HERR

For Petroleum News Bakken

"It's a long, drawn-out mess." That's how Drew Combs of the Minerals Management Division of North Dakota's Trust Lands describes the dispute with the federal government over Missouri River tracts.

As Petroleum News Bakken reported in the Sept. 14 edition, when oil and gas exploration in the Bakken took off in the late 2000s, the state had a fiduciary responsibility to determine what land it owned along the river in order to issue leases and to collect payments. It hired an engineering firm to survey the entire



DON JUSTICE

river and use the State Water Commission's standard of a high water mark to delineate what land is owned by the state. While state law dictates that the state owns to the high water mark — a decision rendered from *Reep v. State* in 2013 — where that mark lies has seen its fair share of debate.

One of those debates is with the federal Bureau of Land Management, BLM. That agency, however, does not rely solely on the state's survey to determine water marks, but rather relies on its

see RIVER TRACTS page 9

1 2 3
SERIES