

Petroleum news

BAKKEN



page 3 Muncrief lays out WPX Energy's new five-year, three key-play strategy

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Rotational symmetry



MAXINE HERR

At least on the surface since underground one of these Oasis wells in the Tyrone field in southwest Williams County, North Dakota, is completed in the middle Bakken formation while the other is completed in the Three Forks.

ND getting petrochem processing

North Dakota's goal to reduce flaring to the 5 to 10 percent range by 2020 is highly dependent on the need for the Bakken's natural gas to find a home. In response to that need, strategies to process the natural gas for value-added products are finding their way into the state. On Oct. 13, Gov. Jack Dalrymple and William Gilliam, CEO of Badlands NGL, announced the development of a manufacturing plant that will convert ethane, a byproduct of natural gas processing, into polyethylene which is used to make a variety of plastics. The \$4 billion project is the largest ever private investment in the state and is the second large investment to utilize the gas — in September, CHS Inc.

see **PETROCHEM PROJECT** page 19

Andrist retires from ND senate

With two years remaining on his term in the North Dakota Senate, 83-year-old Sen. John Andrist is resigning his seat Nov. 30 due to poor health. He's served in the Senate since 1993.

State Rep. David Rust of Tioga was appointed by the District 2 Republican committee to take over for Andrist. Rust has served in the House since 2009 and told Petroleum News Bakken that the district wanted to appoint someone to the dis-

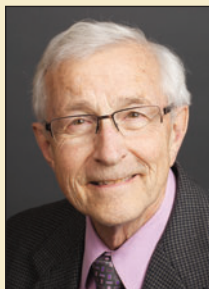
see **ANDRIST RETIRES** page 19

Crude output continues up as demand, prices continue down

The second week of October saw some interesting crude oil market dynamics with U.S. crude output reaching a 28-year high, OPEC further ramping up output, and projections for 2014 and 2015 global oil demand headed downward, all while crude oil prices continued to slide.

On Oct. 7, the U.S. Energy Information Administration, EIA, released its monthly short-term energy outlook which indicated that domestic crude oil production increased by 20,000 barrels per day in September reaching a daily average of 8.65 million bpd, the highest domestic output since July 1986.

In its monthly oil market report released Oct. 10, the see **CRUDE OUTPUT** page 19



JOHN ANDRIST

PRODUCTION & RECOVERY

Slowing down

Efforts to meet ND's gas capture goals could be hampering oil production

By **MIKE ELLERD**

Petroleum News Bakken

For the second consecutive month the rate of growth of North Dakota's oil production slowed in August, and that slowdown may be attributable, at least partially, to the state's new flaring rules.

While the state continues to set monthly production records, reaching 1.132 million barrels per day in August according to preliminary data released by the state's Department of Mineral Resources on Oct. 15, the rate of production growth has declined noticeably over the last two months falling from a



LYNN HELMS

record increase of 52,050 barrels per day in June to 21,902 bpd in July, and then declining even further to 17,901 bpd in August.

That lower August production increase represents a production growth rate of 1.6 percent for the month, below the approximately 4 percent rise in growth rate that North Dakota saw in August 2013 and August 2012.

Department of Mineral Resources Director Lynn Helms said in a monthly press conference on Oct. 15 that from what he has heard from

see **SLOWING DOWN** page 20

INDUSTRY PERSPECTIVE

Fueling energy growth

Chamber of Commerce views on challenges facing America's energy 'renaissance'

By **MAXINE HERR**

For Petroleum News Bakken

As the world's largest natural gas producer and a solid leader in terms of oil production (see story this page), the U.S. is positioned to transform its economy.

At the Great Plains and EmPower North Dakota Energy Conference in Bismarck on Oct. 14, keynote speaker Karen Alderman Harbert, president and chief executive officer of the U.S. Chamber of Commerce's Institute for 21st Century Energy, outlined reasons why that transformation could be



KAREN ALDERMAN
HARBERT

either irreversible or reversible, depending on factors varying from creative innovation to excessive regulation. She noted that in prior oil booms, the benefits of the development were localized, but today's energy production is having an impact across the nation. While there are 33 states producing oil and gas in the U.S., the other 17 states are in the supply chain business and some are reaping huge benefits such as Illinois which is sending out more supply than any other state.

"The center of gravity of the world's oil mar-

see **ENERGY GROWTH** page 20

MOVING HYDROCARBONS

Enbridge's ups and downs

Flanagan South moves toward startup as NEB slams brakes on Line 9 reversal

By **GARY PARK**

For Petroleum News Bakken

In its push to provide fresh market outlets for Alberta oil sands crude, with a piggyback for Bakken producers in the United States and Canada, Enbridge has run afoul of Canada's National Energy Board, NEB, with one project, but remains on track with another.

NEB has delayed by at least several months beyond the scheduled startup this fall of Enbridge's newly reversed Line 9 to Montreal-area refineries, ruling that the company has failed to install shutoff valves at 98 of 104 water crossings.

On the flip side, the Flanagan South pipeline

These developments occur against a backdrop of record Canadian crude exports to the United States, debunking the constant talk that shipments across the Canada-U.S. border are facing irreversible decline.

from Chicago to Cushing, Oklahoma, is being readied to come onstream in December, with plans to carry 600,000 barrels per day of mostly heavy crude, although some space could be available for lighter crudes.

These developments occur against a backdrop

see **ENBRIDGE PUSH** page 18