

# Petroleum news

## BAKKEN



page 3 CP sees critical role for rail in North American crude transport

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Publication of record for the Bakken oil and gas industry

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### Almost there



VERN WHITTEN PHOTOGRAPHY

The 20,000 barrel per day Dakota Prairie diesel refinery near Dickinson, North Dakota nearing completion on Oct. 29. As of early November, construction was 94 percent complete and on track for start-up scheduled for the end of the year. MDU Resources, along with joint venture partner Calumet Specialty Products, expects crude oil shipment to the refinery to begin by Dec. 1. MDU recently announced it is evaluating prospects for a second Bakken-region refinery of similar capacity.

### PetroShale expands Bakken assets

Bakken non-operator PetroShale executed its largest Bakken drilling program in company history during the third quarter with \$10.7 million directed toward drilling and completions.

To do so, it needed to allocate capital across its core area where high-producing wells have provided quick payouts and attractive rates of return. The company is currently drilling or completing 26 gross (2.2 net) wells which it anticipates will make substantial impacts to its first and second quarter 2015 operational and financial results.

### Quarter of investments

The third quarter was one of investment with half of the \$26.6 million the company spent in the first nine months on more more than 21 acquisitions in North Dakota spent in the quarter.

"These transactions added further oil and gas leases in McKenzie, Williams and Mountrail counties, providing existing

see **PETROSHALE ASSETS** page 20

### ND flaring apps fall to zero in Nov.

Ever since the North Dakota Industrial Commission announced in July its intention to implement restrictions on flaring in the state, the number of flaring applications filed with the commission has steadily declined reaching a milestone in November when not one flaring application appeared on the commission's hearing dockets.

Throughout the summer and fall of 2013, the commission would receive monthly applications from five to as many as 13 operators seeking either short term exemptions until gas connections could be completed, or indefinite exemptions for wells in areas remote from gathering infrastructure. In December the number of applications rose sharply with 17 operators filing a total of 39 exemption applications.

But as the North Dakota Petroleum Council's flaring task force, which was formed in September 2013, presented its recommendations for flaring reduction measures to the Industrial Commission in January the number of flaring applications began what became a long and slow but steady

see **FLARING APPS** page 20

### PRODUCTION & RECOVERY

## Ripple effects

Falling crude oil prices manifesting in multiple forms in North Dakota

By **MIKE ELLERD**

Petroleum News Bakken

North Dakota is beginning to see the effects of a depressed crude oil market, and in at least one rather unexpected way.

Oil production growth in the state set a record in September increasing by more than 52,000 barrels per day from the previous month according to data released by the Department of Mineral Resources, DMR, on Nov. 14. That would normally be viewed as positive news all the way around, but the reason for the growth is not

see **FALLING OIL PRICES** page 22

### ND output grew amid falling crude oil prices

A shift to drilling in the more productive, higher-return areas of the Bakken helped push North Dakota to a new production growth record in September.

Following two months of slowing growth, the state's oil production averaged 1.185 million barrels per day in September, itself a new production record for the state

see **ND OUTPUT** page 23

### MOVING HYDROCARBONS

## Showdown postponed

While Washington squabbles over XL, producers find other routes to Gulf Coast

By **GARY PARK**

For Petroleum News Bakken

Efforts to fast-track approval of Keystone XL by challenging President Barack Obama's decision-making authority were cut short Nov. 18, sending the explosive issue to the next Congress and possibly the next U.S. election.

The Senate fell just short of joining the House of Representatives in testing Obama's resolve when it voted 59-41 to authorize immediate construction of the pipeline.



**MITCH MCCONNELL**



**BARACK OBAMA**

Senate Minority Leader Mitch McConnell served notice that XL will be an "early item on the agenda of the next Congress," when Republicans take control of the House and Senate and pursue the 67 Senate votes needed to override Obama's threat to wield his veto power.

However events unfold in the political arena, there is a restless mood among TransCanada's committed shippers who have set aside their XL hopes and found ways through other

see **XL SHOWDOWN** page 20

### GOVERNMENT

## An 'unworkable' rule

State officials, industry oppose proposed federal 'Waters of the US' regulation

By **MAXINE HERR**

For Petroleum News Bakken

The federal government's proposed "Waters of the United States" rule is being criticized as "ill-conceived" and many North Dakota officials have submitted comments asking for it to be withdrawn. The proposed rule by the U.S. Environmental Protection Agency, U.S. Army Corps of Engineers includes new and broad definitions of what constitutes waters owned by the federal government and is therefore subject to its regulations. It expands the agencies' authority over a countless number of small wetlands, creeks, stock ponds



**JACK DALRYMPLE**

and ditches under the Clean Water Act.

"As written, this proposed rule would drastically expand the EPA's authority to include virtually all surface water, including seasonal streams, ponds and dry ditches. It is a clear example of government overreach and it's unworkable for our farmers, ranchers, for other landowners and for North Dakota's business community," Gov. Jack Dalrymple said of the proposed rule.

"North Dakota already has laws in place to manage and protect all waters of the state. There are limits to federal authority and the EPA and U.S. Army Corps of Engineers have drastically over-

see **WATERS RULE** page 21