

Petroleum n e w s

BAKKEN



page 3 Vicky Steiner on the uncertainty looming over ND legislature

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Walking the line



VERN WHITTEN PHOTOGRAPHY

Ensign's 161 rig drilling on a five-well Marathon Oil pad in the Murphy Creek field in west-central Dunn County, North Dakota in December 2014. The rig is capable of drilling two miles down and two miles out in 18 days and can "walk" from one location on the pad to the next in about 4 hours.

Pipeline response continues as Zinke argues for Keystone XL

The transport of Bakken crude production in the Williston Basin was interrupted on Jan. 17 when the Bridger Pipeline that runs through eastern Montana breached and required a shut down.

Justin Kringstad of the North Dakota Pipeline Authority speculates that Montana production will have to be trucked to North Dakota for unloading at rail stations or

"The recent rupture in the Bridger Pipeline, which was built in 1955, is proof that we need to update our antiquated infrastructure."

—U.S. Rep. Ryan Zinke, Montana

see PIPELINE BREACH page 16

Kinder-Morgan enters Bakken with Hiland Partners acquisition

Houston-based Kinder Morgan, North America's largest midstream company, is expanding its footprint into the Williston Basin through the acquisition of Hiland Partners whose assets include primarily crude oil and natural gas gathering, gas processing and crude oil transport infrastructure in Montana and North Dakota.

In a Jan. 21 announcement, Kinder Morgan said it is acquiring the Hiland Partners assets from Continental Resources CEO Harold Hamm and certain Hamm family trusts for approximately \$3 billion in a transaction expected to close in the first quarter 2015. Kinder Morgan said it anticipates that nearly all of Hiland's approximately 430 employees will be retained. While most of Hiland's assets are in the Williston Basin, Hiland's gath-

see KINDER-MORGAN page 17

Major oilfield service providers slash tens of thousands of jobs

Three major international oilfield service companies are handing out pink slips as rigs are laid down in the Bakken awaiting an improvement in oil prices.

Schlumberger started by announcing Jan. 15 that it is letting go of 9,000 of its approximately 120,000 employees. In its fourth quarter 2014 update, the company said the cuts were done on a global scale with severance costs reaching \$296 million.

"This reduction which will largely be completed by the end of the first quarter will bring our headcount more in line

see JOB CUTS page 20

GOVERNMENT

Montana outlook

A summary look at key industry-related bills emerging in 63rd legislative session

By MIKE ELLERD

Petroleum News Bakken

As the Jan. 20 deadline passed for requesting general bills and resolutions in Montana's 63rd legislative session, a clearer picture begins to emerge as to what oil and gas-related issues lawmakers will be addressing throughout the 90-working day session, the last day of which is scheduled for April 29.

As of the deadline, a total of 475 bills had been introduced with another 1,875 bill drafts which may or may not be introduced. In the 2013 session, 1,201 bills were introduced and another 1,017 drafts were requested but were never intro-

In what has become known as the "Build Montana" bill, Gov. Steve Bullock is proposing to spend \$391 million on the state's infrastructure in House Bill 5, with some \$45 million of that going directly to oil-impacted communities in the Bakken in eastern Montana.

duced.

Of all the introduced and un-introduced bills, Petroleum News Bakken has identified nine Senate bills, eight House bills, and eight bill

see MONTANA OUTLOOK page 19

MOVING HYDROCARBONS

Filling Keystone's gap

Enbridge taps XL market, but concerns remain about Canadian crude outlets

By GARY PARK

For Petroleum News Bakken

Canada's Finance Minister Joe Oliver was in a downbeat mood Jan. 16 in delivering his government's well-worn refrain that Western Canada's crude producers desperately need to diversify outlets for their landlocked production.

But his speech coincided with the introduction of a pair of Enbridge pipelines in the U.S. Midwest and South that will plug most of the gap that Keystone XL was supposed to fill, while making an end-run around the White House.

Because the lines draw crude from Enbridge's



JOE OLIVER

existing array of pipelines that cross the international border they do not require the Presidential Permit that has stalled XL.

Many of those around Oliver were deriving their first hope in a long time and realizing that not all is lost in the XL quagmire, with the Flanagan South and Seaway Twin links representing what was described as the industry's "first large-volume, full-path solution"

for shipping heavy crude and possibly picking up some Bakken crude in the process to reach the Gulf Coast refining region with its heavy oil

see KEYSTONE GAP page 17

DRILLING & COMPLETION

IPs show few surprises

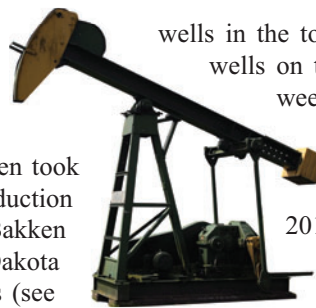
Petroleum News Bakken looks at North Dakota's 50 highest IPs of 2014

By MIKE ELLERD

Petroleum News Bakken

With 2014 now in the history books, Petroleum News Bakken took a look back at the 24-hour initial production volumes reported during the year for Bakken petroleum system wells in North Dakota and compiled a list of the top 50 IPs (see map and table on pages 14 and 15). An evaluation of those top 50 IPs reveals few surprises.

First, it is no surprise that Statoil Oil and Gas dominated the list by bringing in 23 of the top 50 IPs, although one is a tie with Whiting Petroleum. Since Petroleum News Bakken began reporting weekly IPs in 2012, Statoil has repeatedly had



wells in the top 10 IP list. In 2013, Statoil had wells on the top 10 IP list in 35 of the 47 weeks (PNB published biweekly in the first two months of 2013).

In addition, Statoil had the three highest IPs reported in 2013, all three of which were record high IPs at the time they were reported. And Statoil currently holds the record for the highest IP

ever reported in North Dakota at 5,417 barrels of oil from its Beaux 18-19 7H middle Bakken well that went on production in August 2013 in the Banks field in north-central McKenzie County.

see IP VOLUMES page 15