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page 3 Senate president shares views on MT's industry-related legislation

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Cold day in Cedar Coulee



VERN WHITTEN PHOTOGRAPHY

Nabors rig B19 drills on a seven-well XTO Energy pad in the Cedar Coulee field in northwest Dunn County, North Dakota in December 2014.

Tighter pipeline regulations among bills reviewed by NDIC

Following two large pipeline spills in the Williston Basin, the North Dakota legislature is considering a bill that would require gathering pipeline permits and installation of monitoring technology on those lines.

Senate Bill 2374 was discussed at the North Dakota Industrial Commission meeting on Jan. 28 with the state's Department of Mineral Resources Director Lynn Helms. In the 2013 Legislative Assembly, the commission was given authority to regulate gathering pipelines. SB 2374 would take the next step by requiring the state to intervene with the design and monitoring process.



JACK DALRYMPLE

While Helms was encouraged by the proposed legislation, he is concerned that the current wording would keep the industry from adapting new technology when it becomes available. The commission is already working to develop a comprehensive set of rules regarding gathering lines, but Gov. Jack Dalrymple said based on the saltwater spill near Williston that ran into a nearby creek and subsequently the Little Muddy River (see story, page 5), some of

see PIPELINE REGS page 12

Surge bill moves swiftly through North Dakota Senate

Western North Dakota's hopes for a surge of funding for infrastructure came a little closer to reality when the Senate Appropriations Committee unanimously approved three amendments to Senate Bill 2103, the bill to send surplus money to oil impacted counties and cities. On Jan. 23, the full Senate approved the amendments and a vote on the bill is scheduled for Jan. 29.

The amendments added \$300 million for the state's Department of Transportation and set a requirement that county roads be rebuilt with a 105,000-pound weight limit. The third amendment removed \$8.75 million for the school districts because the committee felt that the education funding should be moved to an education bill. With the DOT addition, the bill's total appropriation is over \$1.1 billion. The surge bill would fast track more than \$836 million of emergency money to western North Dakota, a drop of \$9 million from the original bill's allocation.

Upon passage by the Senate, the bill will move to the House for a committee hearing. The actions taken in the Senate follow a show of strong support by more than 100 people who traveled to the capitol on Jan. 16 to express the urgent need for financial

see SURGE BILL page 15

COMPANY UPDATE

'Prudent steps'

Hess Corp. cuts capex but still plans \$1.8 billion in Bakken spending

By MIKE ELLERD

Petroleum News Bakken

Hess Corp. is the latest Bakken operator to announce cutbacks in 2015 capital expenditures, capex, amid a weak global crude oil market. The international exploration and production company — the Bakken's third largest oil producer — announced Jan. 26 an overall capital and exploratory budget for 2015 of \$4.7 billion, 16 percent less than the



JOHN HESS



GREG HILL

corporation's 2014 actual spend of \$5.6 billion.

While Hess Corp.'s overall fourth quarter production of 362,000 barrels of oil equivalent per day was a 14 percent increase over third quarter output, lower commodity selling prices cut the corporation's adjusted net income down by more than \$300 million and the corporation posted a net loss of \$8 million for the quarter. The corporation also

see HESS SPENDING page 14

LAND & LEASING

Acres down, prices up

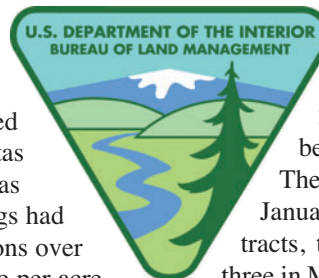
BLM oil and gas lease auction beats five-year average by nearly five-fold

By MIKE ELLERD

Petroleum News Bakken

While the 1,742.18 acres leased in the BLM Montana/Dakotas office's first quarter 2015 oil and gas lease auction held Jan. 27 in Billings had the lowest acre total in BLM auctions over the last five years, the average price per acre of \$2,440.96 was nearly five times the five-year average of \$524.16. Furthermore, the high bid per acre of \$13,750 was the highest received in a Montana/Dakotas lease auction since January 2014 and the third highest lease-topping bid since 2010.

The BLM's Montana/Dakotas office alternates



among tracts in Montana, North Dakota and South Dakota offered in its quarterly auctions, and since 2008 the first quarter auction has been limited to tracts in North Dakota. The North Dakota acreages leased in the January auction were spread among seven tracts, three of which are in Dunn County, three in McKenzie County and one in Williams County (see map).

High bidders

The high bid was paid by Herco LLC of Billings for a 233.30-acre tract in the Lost Bridge

see BLM AUCTION page 15

MOVING HYDROCARBONS

Pressing ahead with XL

TransCanada resumes securing access as US Senators rally for veto-proof vote

By GARY PARK

For Petroleum News Bakken

TransCanada, prodded by the Nebraska Supreme Court's key ruling on who determines the routing of Keystone XL, has started court action to access the remaining property it needs to build, operate and maintain the pipeline.

The company's decision to press ahead coincides with a clear message by Congressional supporters of the pipeline that they won't give up their fight to garner enough votes to override President Barack Obama's promised veto of a bill approving XL.



JOE MANCHIN

North Dakota's Republican Sen. John Hoeven and West Virginia's Democratic Sen. Joe Manchin told reporters Jan. 21 they are hopeful of cobbling together the 67 Senate votes needed to counter Obama's veto — which means adding another four or five Democrats to the nine who have already sided with 54 Republicans on the earlier XL approval bill.

Hoeven said the current efforts are focused on gathering 67 votes, failing which "we will have to attach (XL approval) to something else" in a bill Obama could not veto without shut-

see PRESSING AHEAD page 16