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page 3 Bipartisan efforts in Legislature encourage ND Senate leader

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Precision in Pershing



VERN WHITTEN PHOTOGRAPHY

Among the drilling companies operating in the Bakken is Precision Drilling whose 578 rig operates on a Burlington Resources pad in the Pershing field in eastern McKenzie County, North Dakota in mid-February. For more on Burlington's parent company ConocoPhillips, see the story below.

Montana posts nominations for June oil and gas lease auction

Nominations for the Montana Department of Natural Resources and Conservation's June oil and gas lease auction closed on March 17 with 19,504 acres in 39 tracts nominated in 11 counties in north-central, southwest and eastern Montana.

A majority of the tracts are in counties within but along the outlying reaches of the Williston Basin province, and among those are several within the Bakken petroleum system (see map).

In Roosevelt County, four tracts totaling 1,360 acres were nominated along with two tracts totaling 1,120 acres in Richland County — Montana's two most prolific Bakken-producing counties. Also nominated within the Bakken system although farther out on the fringes were three tracts totaling 1,120 acres in Dawson County, three tracts totaling 1,600 acres in northern Fallon County, three tracts totaling 1,760 acres in Sheridan County and one 320-acre tract in Wibaux County.

Outside the Bakken formation but still inside the Williston Basin, 9,440 acres were nominated in Prairie County, the

see **LEASE AUCTION** page 11

Lance testifies on export ban

In testimony before the Senate Energy and Natural Resources Committee on March 19, ConocoPhillips Chairman and Chief Executive Officer Ryan Lance argued the time has come for the United States Congress to lift the 40-year old ban on crude oil exports.

Lance told the committee that "a unique and historic set of circumstances" provide the potential for the U.S. to transform its energy outlook. First among those unique circumstances, Lance said, is the unlocking of a vast and sustainable oil and gas resource through "U.S. ingenuity and technical prowess," but he also pointed to a "vibrant producer industry," a "resurgence of manufacturing interests based on affordable energy," and a "fragile geopolitical climate" that poses a threat to U.S. interests world-wide.

"These are the current realities," Lance told the committee. "Yet, the potential of our nation to capture the benefit of these realities is undermined by a policy that was enacted for a far different reality more than 40 years ago. That policy is the ban on crude oil exports."

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RYAN LANCE

GOVERNMENT

Fractured trust

North Dakota considers suing federal government over new frack rule

By **MAXINE HERR**

For Petroleum News Bakken

More than 40 percent of North Dakota's 1.2 million barrels of daily oil production is at risk from the Bureau of Land Management's new hydraulic fracturing rule, and the state is poised to sue the federal government to protect that production.

The state's Department of Mineral Resources Director Lynn Helms brought the new rule before the North Dakota Industrial Commission on March 24, urging Attorney General Wayne Stenehjem, who serves on the commission alongside Agriculture Commissioner Doug Goehring

see **NEW FRACK RULE** page 12

Nobody's happy with new BLM frack rule

Former Montana U.S. Sen. Max Baucus used to say that "compromise is where everybody goes away unhappy." If Baucus was right, then the Bureau of Land Management's final hydraulic fracturing rule certainly must be a compromise because almost everybody is unhappy. Industry thinks the rule goes too far and the environmental community doesn't think it goes far enough, and both sides are strongly voicing

see **NOBODY'S HAPPY** page 12

MOVING HYDROCARBONS

Optimistic on safety

North Dakota's governor begins to see light at end of crude-by-rail tunnel

By **MAXINE HERR**

For Petroleum News Bakken

2018 could be the year crude-by-rail concerns finally wane.

North Dakota Gov. Jack Dalrymple told Petroleum News Bakken that upcoming pipeline projects in the state and new rail car standards coming from the federal government should greatly alleviate train explosion incidents as the pipelines and tank car replacements are scheduled to be complete in three years.

Dalrymple spoke with U.S. Transportation Secretary Anthony Foxx via phone on March 18



JACK DALRYMPLE

urging him to move swiftly in adopting new federal tank car standards. Those standards, Dalrymple said, were expected to be released in March, but now it is more likely to be May.

"Hopefully it's pretty soon," Dalrymple said. "I think we all need to really support these standards when they emerge. There has clearly been a lot of work and a lot of discussion that's gone into them."

He added that he hopes BNSF Railway doesn't fight the new standards once they are announced but rather moves ahead with replacing equipment.

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GOVERNMENT

Force majeure exemptions

NDIC fine tunes gas capture order to allow for extenuating circumstances

By **MAXINE HERR**

For Petroleum News Bakken

Though flaring applications to the North Dakota Industrial Commission have fallen substantially since a new gas capture order went into effect on July 1, 2014, a few of the remaining requests have initiated additions to the policy.

NDIC voted on March 24 to add clarification to the policy to provide better guidelines for operators. The first change allows flared volumes to be removed from monthly calculations if the wells were already drilled and completed on



LYNN HELMS

the date of a documented force majeure event, i.e., an event that cannot reasonably be anticipated, avoided or controlled. The state's Department of Mineral Resources Director Lynn Helms gave the commission an example from February when the Lignite gas plant in Burke County went down for two days due to a power surge. DMR received a force majeure letter from Oneok indicating which compressor stations were impacted so operators who produce to those facilities could have flaring volumes left out of the gas capture data.

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