



### Return to Regina



MAXINE HERR

Attendees mingle through the exhibition hall at the 2015 Williston Basin Petroleum Conference in Regina, Saskatchewan in late April. The annual conference alternates between Regina and Bismarck, North Dakota, and this year it moved back to Canada. For more on the conference, see the story on this page and look for additional coverage in the May 17 edition of Petroleum News Bakken.

### Tesoro back on guidance track after strikes and maintenance

Labor strikes at three of its West Coast refineries contributed to declines in Tesoro Corp.'s first quarter refining throughput and earnings, but with the labor disputes settled, the independent San Antonio-based refiner and marketer, which operates a 71,000 barrel per day refinery in Mandan, North Dakota, is back on track to meet its 2015 financial guidance.

Workers walked out at Tesoro refineries in Los Angeles and Martinez, California, and in Anacortes, Washington, on Feb. 1 as part of a larger strike by the United Steelworkers which impacted nine U.S. refineries. Tesoro subsequently reached agreements with local labor unions for the three refineries in late March.

see **TESORO TRACK** page 12

### Kinder Morgan begins adding to ND's pipeline export capacity

Following its \$3.1 billion acquisition of Hiland Partners and putting Hiland's Double H crude oil export pipeline from western North Dakota into service, Kinder Morgan Inc. has begun construction on an expansion of that pipeline.

The Double H went into service in February between Dore near the Montana border in northwest McKenzie County to a regional hub at Guernsey, Wyoming, with an initial capacity of 84,000 barrels per day. When the current expansion is complete, the pipeline's capacity will be 108,000 bpd. The company is also constructing a connection in Wyoming to bring in short-haul volumes in the Double H system.

In addition to the Double H pipeline, the Hiland acquisition included crude oil and natural gas gathering as well as

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### COMPANY UPDATE

# Core of the core

Hess further trims capex and focuses on key assets, including Bakken

By **MIKE ELLERD**

For Petroleum News Bakken

Hess Corp. is again trimming its 2015 capital and exploration budget as it continues to benefit from cost efficiencies while maintaining production, and the corporation's spending strategy is to focus investments in its existing and high return assets, including what it calls its "core of the core" position in the Bakken.

The corporation reported first quarter production averaged 361,000 barrels of oil equivalent per day. While that production was essentially flat with fourth quarter 2014 output of 362,000 boepd, it was up 14 percent over third quarter 2014 output of



JOHN HESS

318,000 boepd and up 10 percent over 2014 average output of 329,000 boepd.

But strong first quarter production was not enough to offset lower commodity prices and higher depreciation, depletion and amortization which resulted in an adjusted net loss of \$279 million for the quarter. "While low prices significantly impacted our first quarter financial results, we delivered strong operating performance and production growth," Chief Executive Officer John Hess told industry analysts in a first quarter results conference call on April 29.

Going forward, the corporation is looking at more than just strong operating performance. While

see **ASSET FOCUS** page 5

### ASSOCIATIONS & EVENTS

# International views

North Dakota, Saskatchewan and Manitoba representatives assess Bakken outlook

By **MAXINE HERR**

For Petroleum News Bakken

The 2015 Williston Basin Petroleum Conference kicked off with oil development outlooks from state and province leaders who regulate development in the Bakken resource. North Dakota Department of Mineral Resources Public Information Officer Alison Ritter said her department expects companies to complete their wells, particularly if the large tax exemption trigger takes effect on June 1 reducing taxes by 130 percent. She said there is a small percentage of the 900 wells waiting on completion that



ALISON RITTER

are up against that deadline.

"A company can ask to put that well on temporarily abandoned status but that does require additional monitoring and testing on the well," she said.

She added that it is up to a company whether it wants to make that investment on top of the typical \$4 million it already has spent to drill the well. North Dakota Petroleum Council President Ron Ness also addressed the issue following

Ritter's presentation and said a lot will depend on whether the large tax exemption trigger kicks in. If it does not, he said the industry won't rush to complete

see **CONFERENCE OUTLOOK** page 4

### MOVING HYDROCARBONS

# Upland takes next step

TransCanada files U.S. applications for 300,000 bpd Bakken-to-Canada pipeline

By **GARY PARK**

For Petroleum News Bakken

TransCanada has taken the next step in its plan to move up to 300,000 barrels per day of Bakken crude by pipeline into Canada.

The company has confirmed the filing of an application with the U.S. State Department for the US\$600 million Upland system covering 285 miles from Williston, offering initial capacity of 220,000 barrels per day in 2020 and adding 80,000 bpd over time.

The startup volumes are estimated at 70,000 bpd of contracted volumes to feed into

see **UPLAND SYSTEM** page 10

### Screws tighten on Energy East project

TransCanada seems to lose more ground than it gains in efforts to gain Quebec government support for the Energy East pipeline that would carry crude oil from Western Canada as well as the Bakken to refining and export markets in Eastern Canada.

Just after the company abandoned plans for a marine oil terminal in the Quebec town of Cacouna on the St. Lawrence River and explore

see **ENERGY EAST** page 10