



Waiting for a train



VERN WHITTEN PHOTOGRAPHY

The Bakken Oil Express terminal sits temporarily idle between loading unit trains at Dickinson, North Dakota in late April. Amid a weak oil market, North American production has declined and so too have crude-by-rail volumes (see stories on this page).

ND O&G research council denies governor's request for advisors

North Dakota Gov. Jack Dalrymple gathered a list of eight potential members of an advisory committee that he wanted to guide a pipeline study, but the request failed due to concerns that it added an "extra layer" of bureaucracy.

The North Dakota Oil and Gas Research Council heard a presentation on May 26 from University of North Dakota Energy and Environmental Research Center's John Harju on the gathering pipeline study EERC was commissioned to complete as part of House Bill 1358. The state's Department of Mineral Resources Director Lynn Helms spoke on behalf of Dalrymple asking for approval of the committee, saying that the governor is concerned that the public might view EERC's study as impartial since industry money and information is being used to conduct it. Harju felt that the EERC has proven to be an independent and objective organization and he was concerned that there was some notion to the contrary.



MAXINE HERR

JOHN HARJU

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Rails feeling oil market impacts

North America's oil-transporting railroads are feeling the effects of the global crude oil price slump. As he was being introduced at an investor conference in New York on May 20, Canadian Pacific President and Chief Operating Officer Keith Creel was asked to talk about what part of his railroad's business is doing better than expected and what is not. "Let me tell you what's not," he said. "Crude's not."

Creel said the crude volumes CP is moving are below expectations, especially heavy crude oil transport which has been affected by price spreads. "We're still moving pretty strong light crude volumes — the Bakken crude — but our guidance traditionally and our expectations for growth is more heavily weighted as we shift from a light railroad to a heavy railroad, and given the spreads it's obviously not supporting a lot of heavy movement."

CP's original guidance had its total 2015 crude transport at 200,000 carloads, but that guidance was subsequently downgraded to 140,000 carloads in January. Now at mid-year, Creel said 140,000 carloads may not be achievable, and some



KEITH CREEL

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GOVERNMENT

Hiring tribal

MHA Nation enforces cease and desist order on employment requirements

By **MAXINE HERR**

For Petroleum News Bakken

The Mandan, Hidatsa, and Arikara Nation's Tribal Employment Rights Office on the Fort Berthold Indian Reservation cracked down on contractors and consultants in violation of Indian Preference laws by issuing a cease and desist order May 26 to all contractors not meeting tribal employment requirements. TERO requires that companies working on the reservation must give hiring preference to contractors and subcontractors which are either tribal-owned or employee tribal members, and those not doing so must report themselves and come into compliance.

"It's a simple fix. They've just got to follow the rules and regulations we set forth."—Shawn Redfox, MHA TERO

"All entities that have used non-Indian services including but not limited to roustabout services, contract pumping services and flow testing services are ordered to immediately self-report to TERO to come into compliance," the office announced on April 4 in a notice to companies working on the reservation. After some companies failed to comply, TERO began seriously enforcing the law in May. Shawn

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GOVERNMENT

Dealing with reality

ND legislature cautious with tax breaks but proactive with industry impacts

By **MAXINE HERR**

For Petroleum News Bakken

Though North Dakota Petroleum Council President Ron Ness anticipated another "brutal" legislative session to match the one in 2013, the oil price collapse and subsequent rig drop within the state made it a session more dominated by circumstances.

"It was more of a reality check in terms of, well, maybe they (industry) are not here no matter what," he told Petroleum News Bakken. "Maybe we have to have some checks in our spending. Maybe it was a realization that we still need to maintain that pro-business climate for industry."



RON NESS

As desks cleared and legislators headed home at the end of April, they left behind "substantial" policy changes and investments, according to Ness. From gathering pipeline regulation to infrastructure spending, he said there was no "feel-good" legislation, but that the session was more about finding solid solutions.

Reasonable rules

A significant piece of legislation that emerged was House Bill 1358 which details new regulatory requirements for gathering pipelines. It requires leak detection systems, submission of con-

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MARKETS & PRICING

Scales tip in 'standoff'

US production, inventories decline as OPEC appears poised to ramp up output

By **MIKE ELLERD**

Petroleum News Bakken

As U.S. crude oil production continued through an eighth consecutive weekly decline, domestic crude oil stockpiles decreased in the third week of May — the first time there has been a net draw on U.S. crude inventories in 17 weeks.

According to the International Energy Agency, the decline in U.S. production is the result of a "supposed standoff" between U.S. producers of "light, tight oil" and the Organization for Petroleum Exporting Countries, a standoff in which the U.S. "appears to have blinked."

And while at the same time crude oil prices have been rising, West Texas Intermediate has made

"Amid continued political turmoil in the Middle East and North Africa, there is no lack of upside risk to prices — and downside risk to supply — in today's oil market." — International Energy Agency

stronger relative gains on the New York Mercantile Exchange than has Brent on the Intercontinental Exchange, a trend IEA attributes to the softening of U.S. output.

"Slowing US LTO (light, tight oil) supplies pushed Nymex WTI prices 14 percent higher in April vs. March, roughly twice the increase in ICE

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