

BAKKEN RESTART TASK FORCE

- **Mineral Resources**
- **Environmental Quality**
- **Trust Lands**
- **Pipeline Authority**
- **Office of Management and Budget**
- **WAWS**
- **Governor's Office**
- **Public Service Commission**
- **Tax Department**
- **Commerce**
- **Bank of North Dakota**
- **Additional Subject Matter Experts**



Any updates will be made and posted weekly by 12PM CT Monday mornings.

Situation Overview

6,800 shut-in wells

450,000 bbls/day of production

27 rigs operating

5 frac crews - Frac supply contracts cancelled through the rest of the year

810 abandoned wells

Commercial well produced water volumes significantly decreased

Gas plants close to maximum turn down capacity (40%)

Focus Area: Regulatory Relief

Underlined bullet points are linked to additional information online.

Regulatory Relief Implemented:

Oil and Gas Division - <https://www.dmr.nd.gov/oilgas/>

- Grace period on bond increases for commercial disposal wells and abandoned wells.
- Inactive Well Waivers Reinstated. (Click here for more information)
- Noncompleted Well Waivers Reinstated.(Click here for more information)
- Suspension of Drilling Well Waivers Reinstated. (Click here for more information)
- Reduced meter proving requirements to quarterly.
- Remote hearings are being made available. (Click here for more information)

Environmental Quality - <https://deq.nd.gov/>

- Winter blend gasoline waiver.
- Tank integrity testing flexibility.
- Ground Water & Air Quality Sampling flexibility.
- Alternative compliance for Social Distancing and Travel Restrictions Issued.

Public Service Commission - <https://www.psc.nd.gov/>

- Remote hearings are being made available.
- Lowering filing fees to reasonable amounts and refunding unused fees.
- Expediting the review and approval process for oil and gas infrastructure projects.

Trust Lands - <https://www.land.nd.gov/>

- Lease Extensions (Click here for more information)
- Shut In Requests (Click here for more information)

Focus Area: Regulatory Relief

Relief Under Consideration:

Agency

Consideration of Suspension of Fees:

- Considering suspending all fees but the \$10,000 filing fee
- Considering suspending various fees such as temporary abandonment renewal, case continuance, and application for permit to drill renewal fees

Public Service Commission

Oil & Gas Division

Consideration of Bond Relief:

- Review of current criteria used to set bond amounts: size of operation, type of waste, estimated cleanup costs specifically for landfills and RMLs
- Review of treating plant bonding for relief options

Environmental Quality

Oil & Gas Division

Consideration of Extensions & Waivers:

- Operator Certifications – extended/alternative compliance date
- Weights & Measures, gas safety side – extended/alternative compliance date
- Lease Waivers – consider a lease waiver for shut-in wells

Environmental Quality

Public Service Commission

Trust Lands

Considerations for Operations

- Under review

Focus Area: Regulatory Relief

Hearings & Board Decisions:	Agency
<ul style="list-style-type: none">• Temporary changes are at the discretion of the Director – No hearing required.• Permanent changes – Hearing required.• No pending hearings related to Task Force objectives.	Environmental Quality
<ul style="list-style-type: none">• Economic Waste hearing scheduled for May 20	Oil & Gas Division

Focus Area: Economic Stimulus

Stimulus Proposals Under Consideration:

Abandoned and Orphan Well Plugging

- An “*orphan*” well is one with no responsible operator. North Dakota currently has 0 orphan wells. However over 549 abandoned wells could become *orphan* due to the COVID19 economic crisis. An “*abandoned*” well is one that has not produced in over twelve months.
- North Dakota currently has 751 abandoned wells. Of the 751 abandoned wells, 202 could be justified for returning to production, leaving 549 wells which could be reviewed as candidates to be plugged and reclaimed. The average cost to plug and reclaim a well is \$150,000: Plugging (\$75,000) and Reclamation (\$75,000). Abandoned Well Plugging and Surface Reclamation Fund currently has \$25 million.
- A thorough review of the increasing list of abandoned wells would be appropriate and to develop a strategy for handling these wells in an economically responsible manner:
 1. Review of wells are candidates to plug and reclaim
 - Where can AWPSRF funding be used?
 2. Review of wells that are candidates for future production/use
 - Wells that are candidates for CCUS projects
 3. Review of wells that could be cost-share with operators to continue production
- Interstate Oil and Gas Compact Commission (“IOGCC”) will be meeting in May – It is likely that many in the 31 partner states will be seeking answers to available federal funding under the CARES guidelines which currently do not specifically include the oil and gas industry.

Crude Oil Storage

- Companies are interested in building crude oil storage. There have been 24 inquiries related to storage that have come into the Department of Mineral Resources offices. This would be a solution for keeping tank manufacturers, roustabouts, and other tank construction companies working.
- Additional guidance on jurisdiction and regulatory path for approvals needs to be communicated for these companies. Department of Environmental Quality will review guidance on air quality, SWPPP, and SPCC plans.
- Currently there is approximately 24 million barrels of total oil storage on existing ND well sites under DMR jurisdiction. This does not include storage after custody transfer.

Focus Area: Economic Stimulus

Stimulus Proposals Under Consideration:

Methane Leak Detection/Repair

- Review opportunities to contract out methane LDAR – there are an estimated 30,000-60,000 total tanks in ND where investments could be made in technology.

Environmental Restoration

- Review methods to keep companies employed by working through restoration at existing locations.

Pipeline Employment

- WAWS expansions are currently needed. Need to get projects underway and there are plenty of opportunities for pipeline work.

Remote Gas Capture

- Under review.

Well Shut-in Data Gathering

- Department of Energy interest in both reservoir dynamics of shut-in wells and temperature logs.

Focus Area: Bakken Restart

Bakken Smart Restart - Proposals Under Consideration:

Funding and Investments

- Cost to return a well back to production can range from \$25,000-\$50,000/well. With 6,200 wells already shut-in we are looking at \$155-\$310 million in funding needed for operators to bring those wells back to production.
- Review options available for loan programs or grants available for operators.
- Commerce is preparing a proposal for the Emergency Commission but will continue to research options.
- State Land Board and State Investment Board have authority for private equity investments, prudent investor rules apply, could consider investments in well positioned operators.
- Review options for SIIF to be utilized as a source of surge funding.
- Any grant incentive would need to be spent by 12/30/20 to qualify for CARES Act funding.

Tax Proposals

- Review options available for a tiered approach (based on production of wells) to any tax incentives for RTP.