

the PIPELINE publication

Volume 7 ❖ Issue 2
February 2016

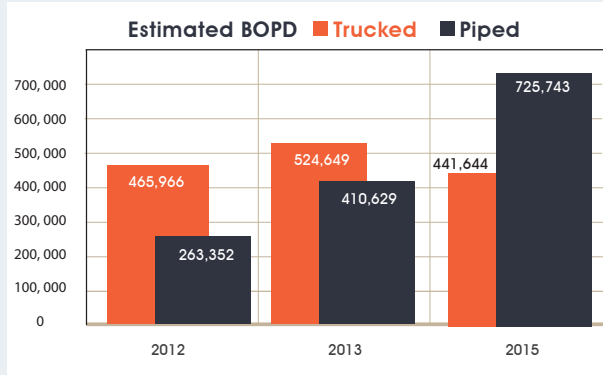
INDUSTRIAL COMMISSION OF NORTH DAKOTA PIPELINE AUTHORITY

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Attorney General
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Agriculture Commissioner
Doug Goehring

Director
Justin J. Kringstad



ND CRUDE OIL GATHERING

At the end of 2015, the Pipeline Authority published an updated analysis of crude oil gathering in Western North Dakota. The data indicated that crude oil gathering by pipeline had surpassed truck gathering for movement away from well locations. The amount of oil gathering by pipeline increased the most in McKenzie

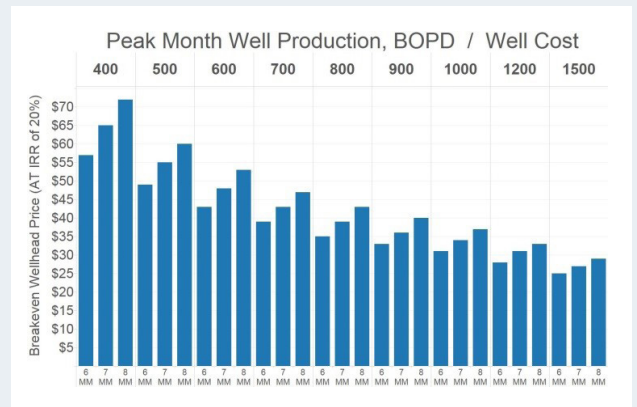
County, but significant increases were also seen in other producing counties. Interestingly, even though McKenzie County had the highest increase in oil pipeline gathering, the region did not see an overall decrease in trucking due to the significant rise in production that area had experienced.

Detailed video commentary and slides on the topic of oil gathering can be found on the "Presentations" page of www.northdakotapipelines.com

Bakken Drilling Economics

Drilling economics were revisited at the end of 2015 using a lower wellhead price of \$30 per barrel. Since that work was published, prices have dropped, further impacting the economics of drilling and completing a Bakken/Three Forks well. Full video commentary and slides are available online and an estimated breakeven price chart is included in this newsletter.

Please note that the estimated breakeven prices are based on the cost to complete the well, the peak month average daily rate of oil from that well, and assumes an after-tax rate of return of 20%. Lowering costs, improving well performance, and lowering the expected after-tax rate of return would decrease the breakeven price per barrel beyond what is seen in the chart.



NORTH DAKOTA — Production Numbers

⌘ www.pipeline.nd.gov

Average Daily Oil Production, BOPD

Oct. 2015	Nov. 2015	Dec. 2015
1,172,832	1,181,787	1,152,280

Average Daily Gas Production, MMCFD

Oct. 2015	Nov. 2015	Dec. 2015
1,658	1,676	1,671

Average Rig Count

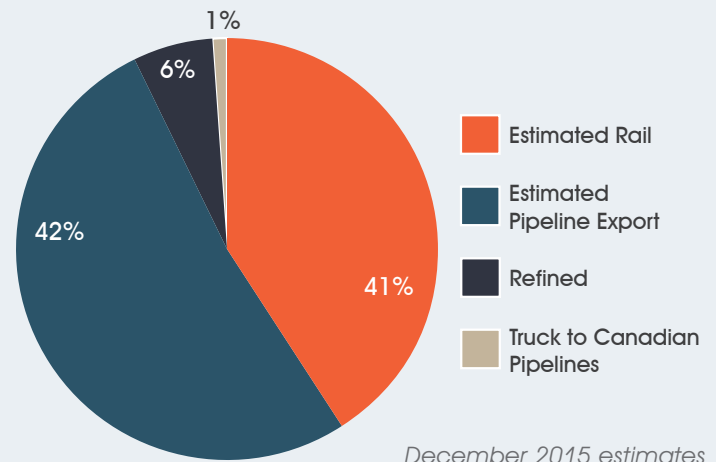
Oct. 2015	Nov. 2015	Dec. 2015
68	65	64

As of February 23, 2016, there are 39 active rigs in North Dakota.

TRANSPORTATION AND PROCESSING UPDATES

- In December 2015, the ONEOK Lonesome Creek natural gas processing plant went into service. The 200 million cubic feet per day (MMCFD) plant is located in central McKenzie County.
- In January 2016, the North Dakota Public Service Commission approved the routing of the Dakota Access Pipeline in North Dakota. Iowa is the only state that has yet to make a route determination for the project.
- In February 2016, Enbridge made a decision to modify the anticipated startup time of the Sandpiper Pipeline from 2017 to early 2019. The decision does not have an impact on the system capacity of 225,000 barrels per day (BPD) out of North Dakota.

Estimated Williston Basin Oil Transportation



North Dakota Pipeline Authority

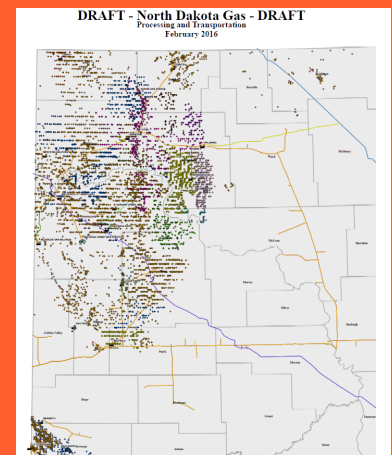
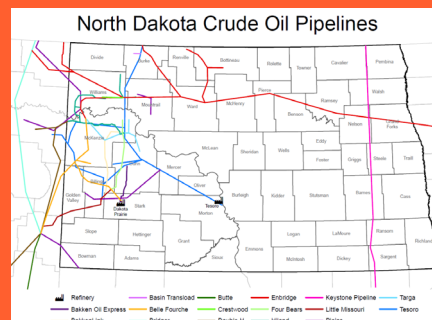
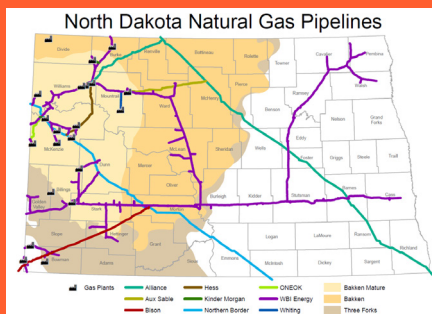
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Know what's below.
Call before you dig.

OILFIELD FACTOID

New crude oil and natural gas pipeline maps have been placed on the Pipeline Authority website. The maps are available for download in large format for high resolution printing.



North Dakota Pipeline Authority

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