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PIPELINE
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**INDUSTRIAL
COMMISSION OF
NORTH DAKOTA
PIPELINE AUTHORITY**

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Jack Dalrymple

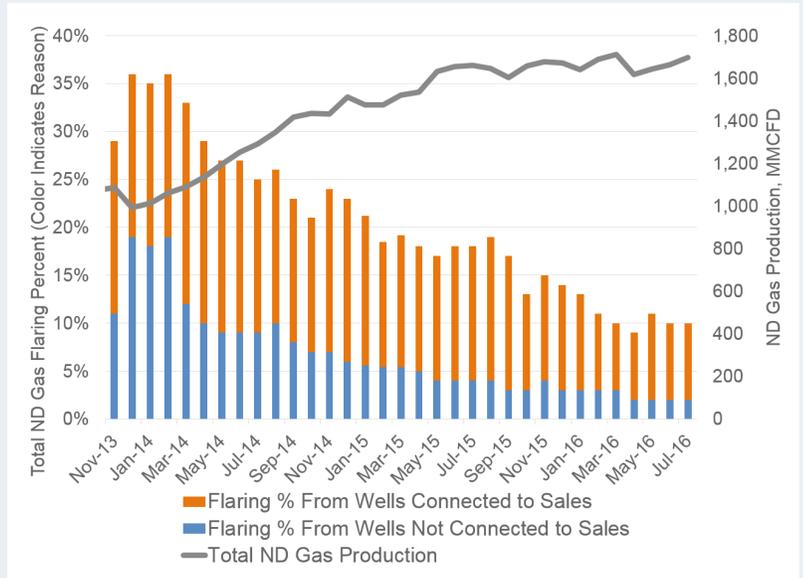
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Agriculture Commissioner
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Director
Justin J. Kringstad

NATURAL GAS FLARING UPDATE

Each month the Pipeline Authority reports a breakdown of natural gas flaring in North Dakota. Flaring is broken into two different categories based on why the gas is being flared at a particular well. The first category, shown in blue below, is



flaring from wells that simply do not have a pipeline connection. The second category, shown in orange, is flaring from wells that do have a gas gathering pipeline connection. However, these pipelines do not have the ability to collect all the natural gas being produced.

As with all petroleum related topics, natural gas capture in the state has been evolving. Overall, natural gas flaring in North Dakota has been decreasing and is currently below the gas capture requirements of the North Dakota Industrial Commission. Early in the reporting sequence, flaring was almost equally distributed between wells that had and did not have a pipeline connection. As gas gathering infrastructure continued to be built to new and existing well pads, the percentage of gas flaring from unconnected wells has been greatly reduced. Along with building new pipeline to unconnected areas, the gathering industry is placing an emphasis on enhancing existing assets to reduce the volume of gas flaring from locations connected to pipeline systems.

NORTH DAKOTA — Production Numbers

⌘ www.pipeline.nd.gov

Average Daily Oil Production, BOPD		
May 2016	June 2016	July 2016
1,122,462	1,027,131	1,029,507

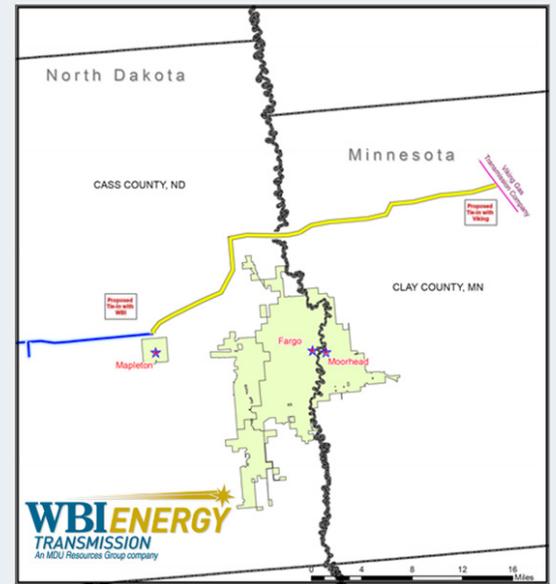
Average Daily Gas Production, MMCFD		
May 2016	June 2016	July 2016
1,644	1,663	1,699

Average Rig Count		
May 2016	June 2016	July 2016
27	28	31

As of September 15, 2016, there are 34 active rigs in North Dakota.

VALLEY EXPANSION PROJECT UPDATE

On September 7, 2016, WBI Transmission announced plans to proceed with the Valley Expansion Pipeline Project in Eastern North Dakota and Western Minnesota. The 38 mile, 16 inch, natural gas pipeline project would connect WBI Transmission's existing system near Mapleton, ND to the Viking Pipeline in Western Minnesota. The pipeline system is not intended to support natural gas production in Western North Dakota, but rather plays an important role to support growth and boost supply security for consumers in Eastern North Dakota. The project was successfully supported by shipper commitments obtained during an open season that ran from June 13, 2016 to July 15, 2016. The \$55-\$60 million project is designed to carry 40 million cubic feet of gas per day and expected to be in service in early 2018.



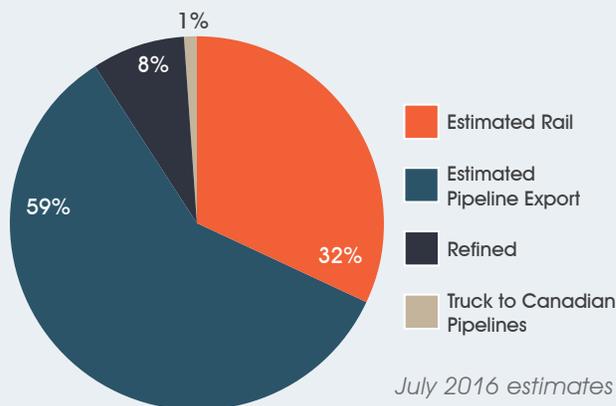
North Dakota Pipeline Authority

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PIPELINE FACTOID

A common industry term related to natural gas processing and transportation is "y-grade" or "y-grade liquids." The term "y-grade" refers to a mixture of natural gas liquids (ethane, propane, butane, natural gasoline) exiting a processing plant that is not immediately separated into pure, marketable products. Many of the newer natural gas processing plants in North Dakota are only capable of generating y-grade output, requiring further transportation to fractionating (separating) facilities around the US.

Estimated Williston Basin Oil Transportation



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North Dakota Pipeline Authority

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