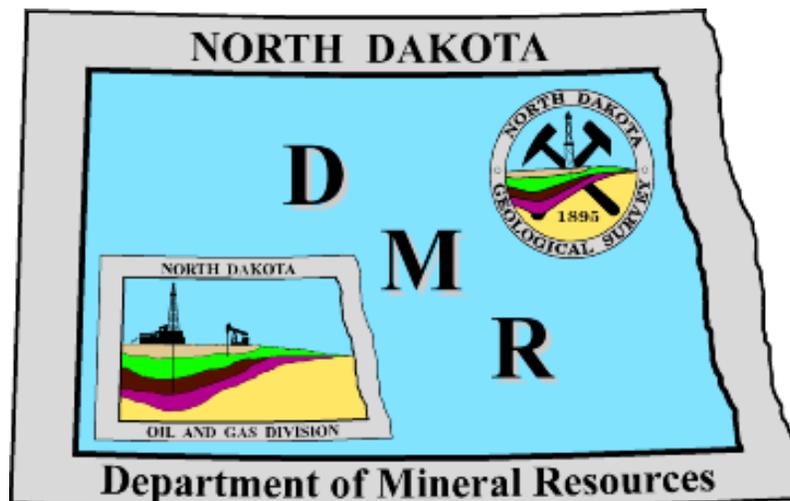


# North Dakota Department of Mineral Resources

Energy Development Transmission Committee

07/31/2013

Lynn D. Helms, Director



<http://www.oilgas.nd.gov>

<http://www.state.nd.us/ndgs>

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1:30 p.m. Presentation by Mr. Lynn Helms, Director, Department of Mineral Resources, on state and federal regulations of the oil and gas industry and an update of the activities of the department.

Draft EPA guidance for regulation of hydraulic fracturing using diesel fuel was published last year. EPA received over 97,000 comments and has submitted a revised guidance document to Office of Management and Budget. Final guidance is anticipated before year end 2013. We have urged all of our website users to submit comments.

There are many concerns with the rule as proposed, but the major points are as follows:

This is a state's rights issue.

Geology is different within each sedimentary basin.

States have successfully regulated oil and gas since 1859.

- 1) The revised guidance misapplies Class II Underground Injection rules for oil and gas waste disposal to hydraulic fracturing. The guidance should use the proper rule making process to propose a new class of wells.
- 2) The revised guidance continues to use an extremely broad definition of diesel fuel.
- 3) The revised guidance continues to include hydraulic fracturing that uses miniscule amounts of highly refined petroleum distillate for polymer activation.

Draft BLM regulations for hydraulic fracturing on federal lands were published last year. BLM received over 170,000 comments and withdrew the rule. A revised proposed rule was published May 24, 2013 with the comment deadline now extended to 8/23/13. We have urged all of our website users to submit comments.

There are a number of concerns with the rule as proposed, but the major points are as follows:

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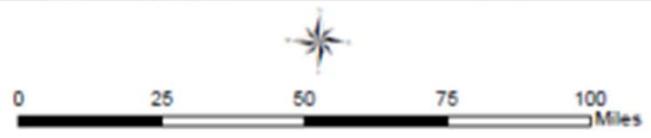
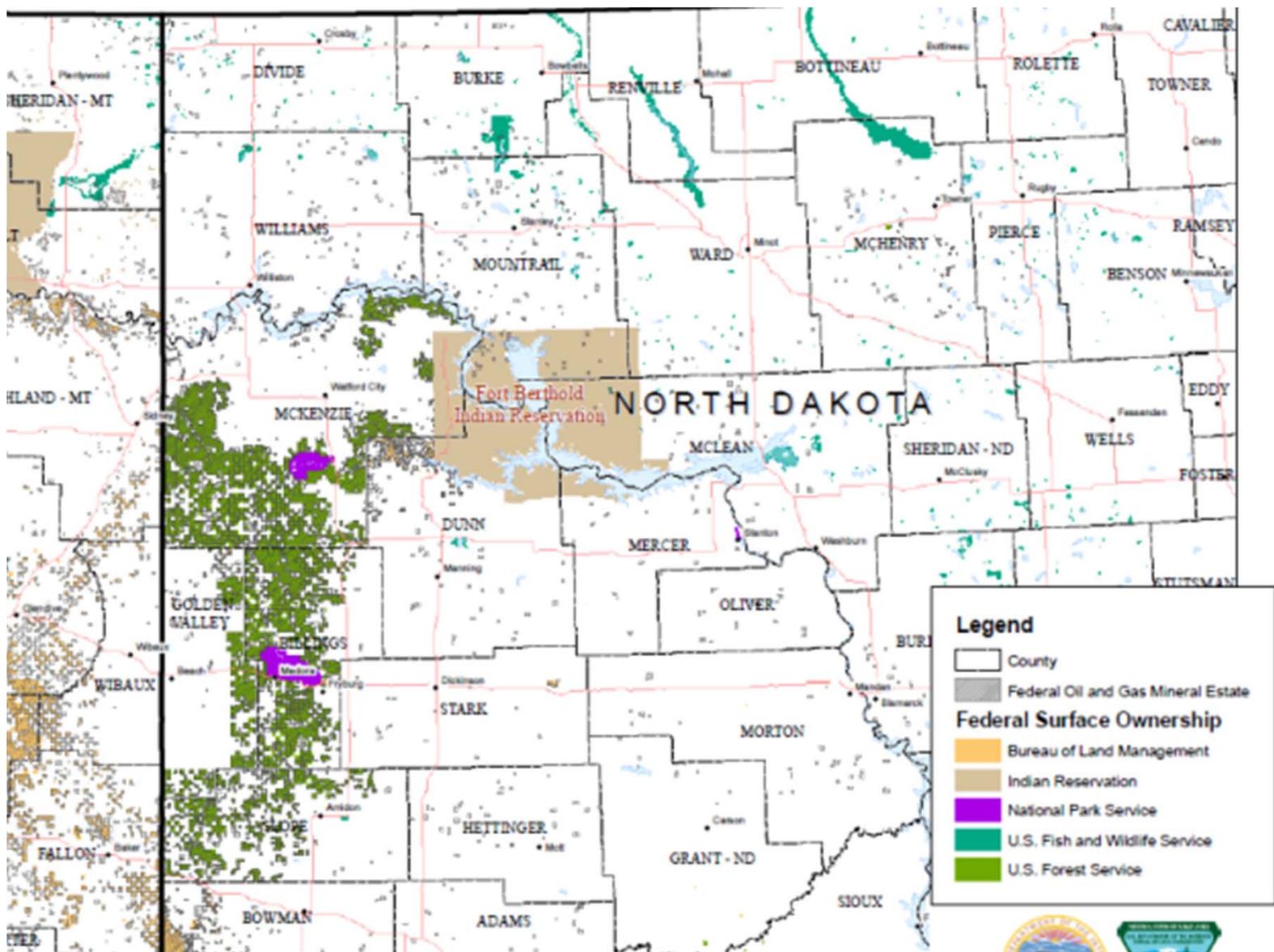
States have successfully regulated oil and gas since 1859.

Portions of the rule encroach on jurisdiction of the state Water Commission

Portions of the rule encroach on jurisdiction of the DOT / County Roads

Portions of the rule encroach on jurisdiction of the EPA / Oil and Gas Division

- 1) The revised rule provides for an operator to get an exemption from provisions of the rule if the state has adopted hydraulic fracturing rules that are as stringent or more stringent. The proposal should be expanded to allow the state to apply for exemption from the rule.
- 2) The revised rule provides for a type well to be used for an entire field to satisfy the pre-fracturing approval requirements. The proposal should be expanded to allow a type well to cover an entire county or basin if the geology is substantially similar.



*No warranty is made by the BLM as to the accuracy, reliability, or completeness of this data for individual use or aggregate use with other data.*



The Department of Mineral Resources Oil and Gas Division is drafting revisions to between 25 and 30 sections of 43-02-03 and 43-02-05 to accommodate statutory changes as follows:

HB1134 to encourage use of gas that might otherwise be flared

HB1149 relating to emergency response to hazardous chemical, oil, gas, and saltwater incidents

HB1198 relating to oil extraction tax definitions

HB1333 relating to saltwater disposal wells, the abandoned oil and gas well plugging and site reclamation fund, and mapping & reclamation of pipeline facilities

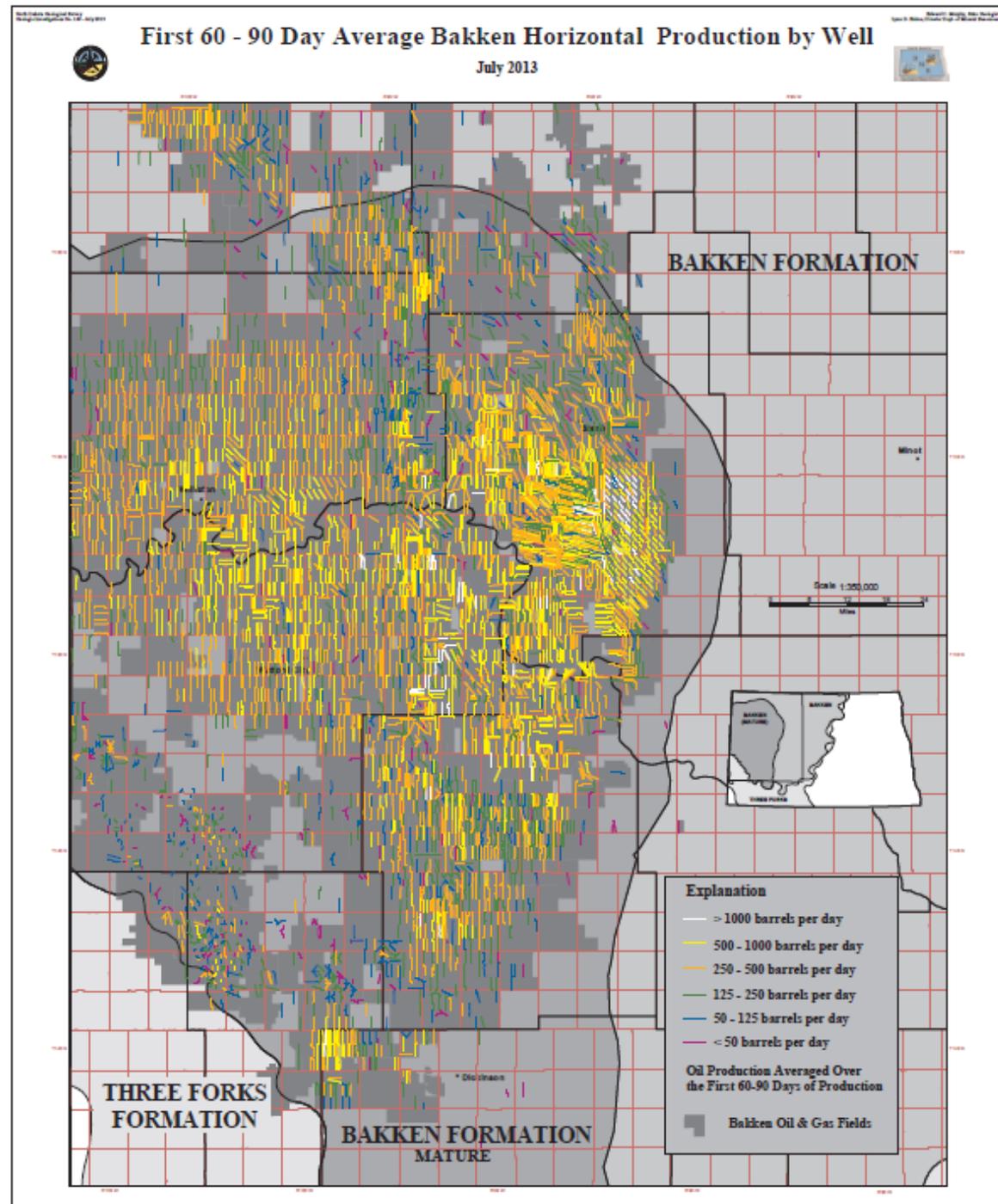
HB1348 relating to setbacks for oil and gas wells

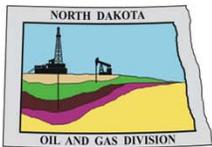
SB2014 to provide an appropriation for defraying the expenses of the state industrial commission and the agencies under the management of the industrial commission

NDAC 43-05 to accommodate federal rule changes for carbon dioxide storage was amended effective 4/1/13 and primacy application was submitted 6/21/13.

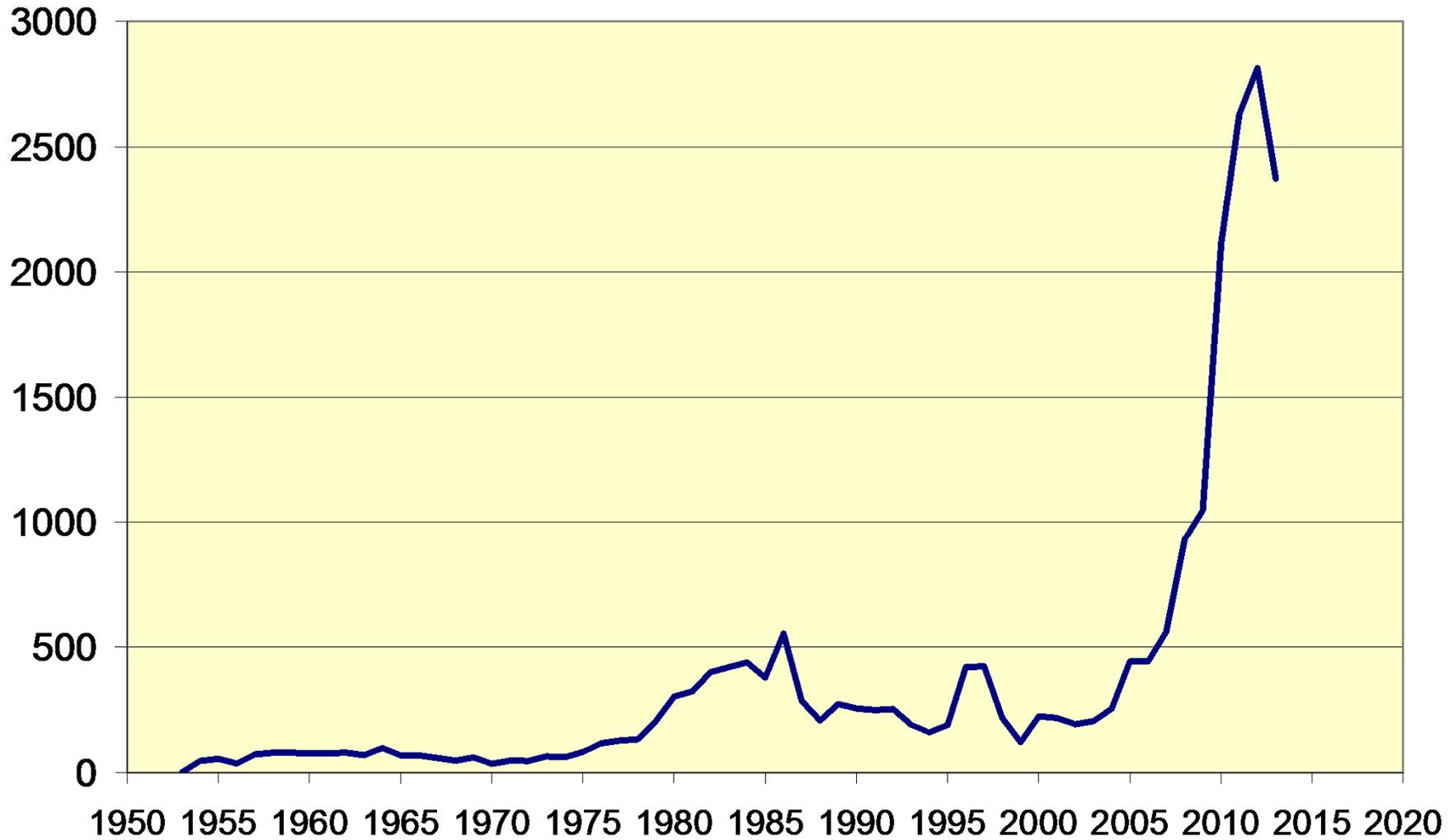
NDAC 43-02-02 for subsurface mineral extraction was amended effective 7/1/13.

Development  
area  
> 15,000 sq mi  
Size of West  
Virginia



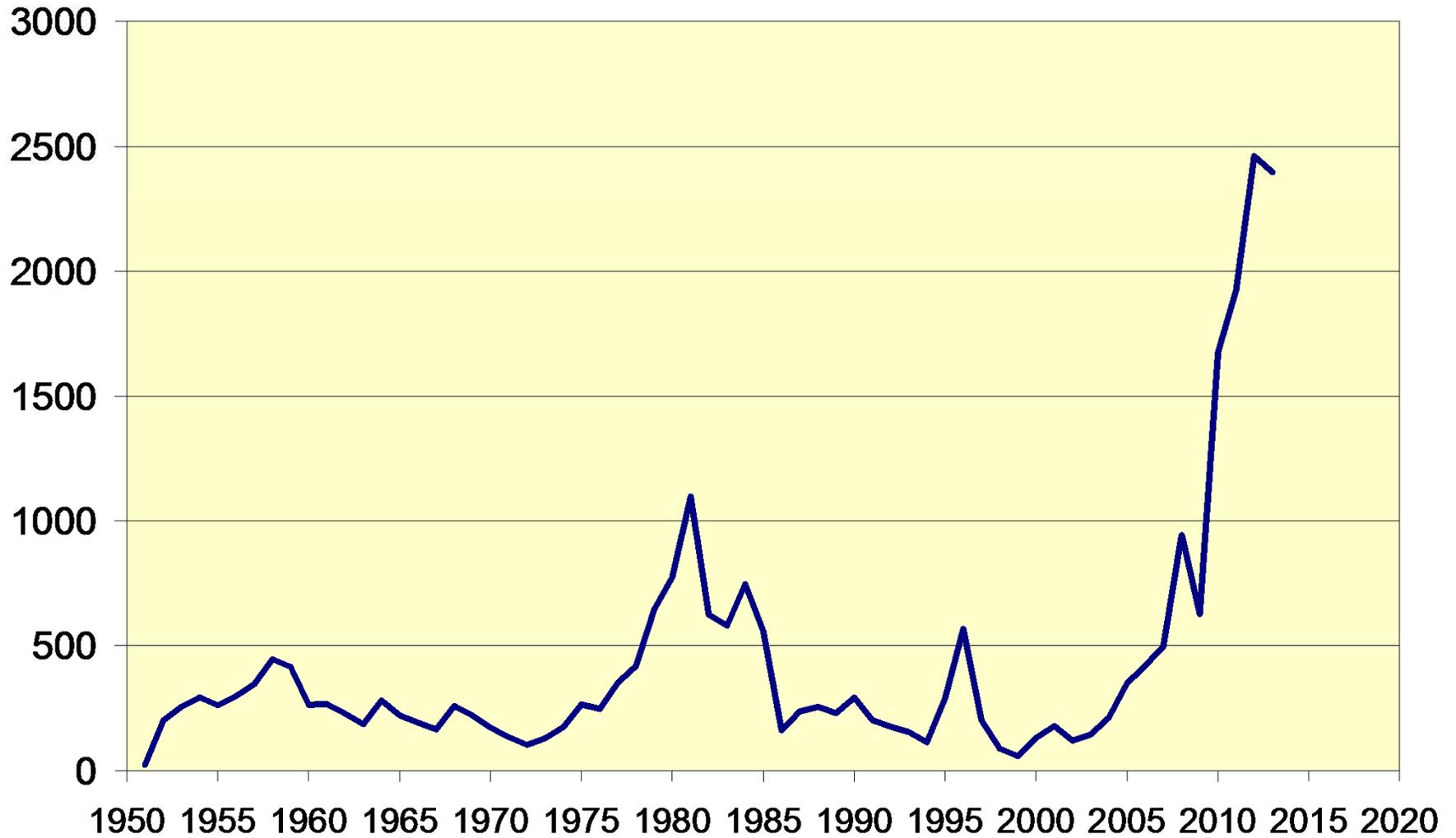


## North Dakota Industrial Commission Cases Heard





## North Dakota New Well Permits Issued





## North Dakota Average Monthly Rig Count

