

Investing in North Dakota

June 30, 2013

Minot Daily News

Lenny Behm, Minot

North Dakota's boom is no longer a secret. From east to west, the state is filled with great opportunities to build careers and families. Amongst our flourishing economy, the energy industry has the clear lead in growth. While many may speculate on the length of the boom, its continued growth was given greater confirmation recently by the US Geological Survey. The agency's report doubled its outlook for the Williston Basin, citing nearly 8 billion barrels of crude oil equivalent recoverable over the next three decades. Their findings support the expectations of many around the industry that the state is only at the cusp of developing our nation's energy supply. As drilling and exploration continues, North Dakota will see well counts from 8,000 today to possibly 40,000 - 50,000 over the coming decades with 1.5 to 3 people permanently employed per well.

In fact, estimates given by the USGS are among the most conservative of the industry. The USGS measured only the Bakken and Upper Three Forks, disregarding additional proven productive formations that exist both above and below the Bakken which continue to show promise. Computing the value of these geologic formations greatly expands our recoverable resources. North Dakota's state regulatory agency estimates more than 11 billion barrels of recoverable crude oil equivalents. Continental Resources, the state's largest oil producer, estimates the figure at an astonishing 24 billion barrels. Furthermore, each estimate is based on current technology and extraction techniques which recover only about 10% of the state's underground reserves.

According to the Energy and Environmental Research Center at UND, if better industry technology boosts recovery by just 1 percent, additional oil production will total \$150 billion, likely returning an additional \$13.5 billion to the state in production and extraction taxes and \$4.8 billion in wages. We must remember the current technology utilized for drilling in the Bakken did not exist in practical form less than 10 years ago. By perfecting current techniques as well as developing new ones, such as the EERC's research to increase recoverable oil by injecting carbon dioxide from North Dakota's coal plants into wells, the industry will almost assuredly improve its ability to recover reserves above the 10 percent it achieves today.

Whenever more resources are proven and recoverable, a cost/benefit analysis justifies additional investment into North Dakota's energy industry for exploration and drilling activity, which in turn builds employment opportunities in and out of the industry. At the same time, investment in pipelines for gathering and transporting crude oil and gas are better supported over the long term. In coming years, the energy industry in our state will invest billions of dollars in pipeline infrastructure that will reduce flaring, safely transport our crude to facilities from coast to coast, and decrease the number of trucks from our roads, improving traffic safety along our busy highways.

The USGS study and the potential for greater recovery is not just important for the industry, but for the growth in quality of life for our state's existing and residents. By again demonstrating the long term play of the Williston Basin, investors and small businesses are reassured that the investment they make today will be effective for decades to come. Their dollars are not made to capture a short term boom, but instead for the long term growth of North Dakota.