

# BAKKEN RESTART TASK FORCE

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- 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
- **Water Commission**
- Additional Subject Matter Experts



## Terms

**“Shut-in” well:** A well that has been closed temporarily for repairs, cleaning out, pressure testing, lack of a market, etc. These wells are typically “shut-in” at the surface for short periods of time and are still capable of being activated for short periods of time or being brought fully back into service. NDIC approval is not required to shut in a well, and a well that has been temporarily “shut-in” is in compliance with North Dakota regulations. There is no NDIC well status of “shut-in” and these wells will show an “Active” status unless the length of time they are shut in causes them to be designated “Inactive” or the NDIC has approved some other status for the well.

**“Shut-in” production:** The amount of oil production that a shut in well is capable of producing on a daily basis.

**“Inactive” well:** A well that has not submitted a production or injection report or has reported no production or injection for 3 consecutive months.

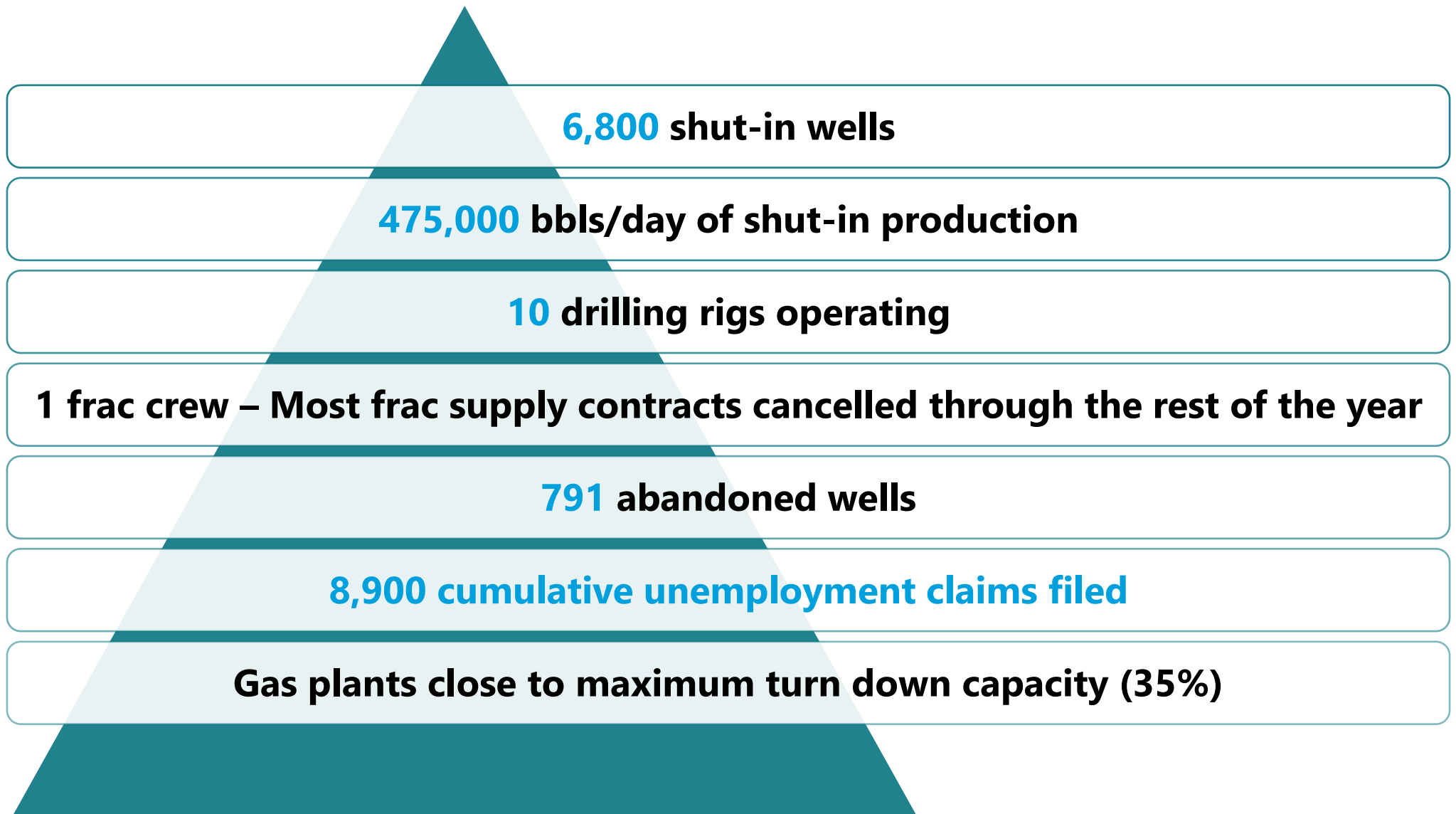
**“Abandoned” well:** A well that has had the production or injection equipment removed, has failed to produce oil or gas in paying quantities for one year, or a source well that has failed to produce water for one year. A well in abandoned-well status must be promptly returned to production in paying quantities, approved by the commission for temporarily abandoned status, or plugged and reclaimed within six months. If none of the three preceding conditions are met, the industrial commission may require the well to be placed immediately on a single-well bond in an amount equal to the cost of plugging the well and reclaiming the well site. North Dakota Century Code § 38-08-04(12). An abandoned well must be plugged and its site must be reclaimed, an abandoned treating plant must be removed and its site must be reclaimed. North Dakota Administrative Code § 43-02-03-55(1).

**“Orphan” well or site:** A well or site that has been abandoned and the person or company drilling or operating the well or equipment cannot be found, has no assets with which to properly plug or re-plug the well or reclaim the site, cannot be legally required to plug or re-plug the well or to reclaim the site, pipeline, or associated pipeline facility, or damage is the result of an illegal dumping incident; there is no bond covering the well to be plugged or the site to be reclaimed or there is a bond but the cost of plugging or re-plugging the well or reclaiming the site, pipeline, or associated pipeline facility exceeds the amount of the bond, or damage is the result of an illegal dumping incident; the well, equipment, pipeline, or associated pipeline facility is leaking or likely to leak oil, gas, or saltwater or is likely to cause a serious threat of pollution or injury to the public health or safety.

[Click here for Well Status Designations Guide](#)

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

### Situation Overview



## 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 and calibration requirements. (Click here for more information)
- Remote hearings are being made available. (Click here for more information)
- Crude oil storage guidance on jurisdiction and regulatory requirements available through DMR.
- Currently there is approximately 24 million barrels of total oil storage on existing ND well sites under DMR jurisdiction and 14.86 million barrels of storage associated with pipelines after custody transfer.

#### **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.
- Department of Environmental Quality will review guidance on SWPPP, and SPCC plans.
- 5/7/20 Temporary Crude Oil Storage Vessels (Click here for more information)
- 5/7/20 Control of Storage Tanks at Shut-in Production Facilities (Click here for more information)

## Focus Area: Regulatory Relief

*Underlined bullet points are linked to additional information online.*

### Regulatory Relief Implemented:

#### **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 except 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
- Reviewing treating plant bonds for relief upon request

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"><li>• Temporary changes are at the discretion of the Director – No hearing required.</li><li>• Permanent changes – Hearing required.</li><li>• No pending hearings related to Task Force objectives.</li></ul>	Environmental Quality
<ul style="list-style-type: none"><li>• Economic Waste hearing held May 20 (<a href="#">Click here for more information</a>)</li><li>• <a href="#">Abandoned Well Confiscation Hearing to be held June 10 (Click here for more information)</a></li></ul>	Oil & Gas Division

## Focus Area: Economic Stimulus

### Stimulus Proposals Implemented:

#### **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 791 abandoned wells and sites. Of the 791 abandoned wells, 242 could be justified for returning to production, leaving 549 wells which to 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 - Complete
    - Emergency Commission and Budget section approved \$33.175 million for PA work. A hearing will take place June 10, 2020 with bidding and contracting to begin July 2020.
  2. Reviewing wells that are candidates for future production/use
    - Wells that are candidates for CCUS projects
  3. Reviewing potential wells that could be cost-share with operators to continue production
- Interstate Oil and Gas Compact Commission (“IOGCC”), DOE and many partner states seeking federal funding. ([Click here to see other state and provincial relief measures](#))



## Focus Area: Economic Stimulus

### Stimulus Proposals Under Consideration:

#### **Abandoned and Orphan Well Plugging**

- Plans to submit Phase 2 – Reclamation of 368 well sites at an estimated cost of 27.6 million and 66 non well orphan sites at 4.95 million totaling a request for funding of \$32.55 million in project funding for service companies to benefit from.

#### **Methane Emissions**

- Reviewing thief hatch replacement cost share program – plan to submit a \$10 million request for funding looking at 200-400 jobs for the next 2-3 months.
- Reviewing Satellytics detection program potential
- Reviewing Remote Gas Capture program potential

#### **Environmental Restoration**

- Review methods to keep companies employed by working through restoration at existing locations for June Emergency Commission & Budget Section meetings.

#### **Pipeline Employment**

- WAWS expansions are currently needed. Need to get projects underway and there are plenty of opportunities for pipeline work. (Click here for more information)
  - Have plans to submit three projects at \$19.5 million resulting in a potential 100-150 jobs at 100,000 man hours for 4 months of work.

#### **Well Shut-in Data Gathering**

- Department of Energy interest in both reservoir dynamics of shut-in wells and temperature logs.
- US House Forum on 6/1/20 at 1pm EDT.

## 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 7,500 wells already shut-in we are looking at \$185-375 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.
- 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 tax incentives for RTP; including MHA as well.