



## North Dakota Petroleum Council

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November 1, 2011

Bruce Hicks, Assistant Director  
NDIC Department of Mineral Resources, Oil and Gas Division  
600 E. Boulevard Ave.  
Bismarck, ND 58505

RE: Comments on Proposed Rules Changes

Dear Mr. Hicks:

Thank you for the opportunity to provide comments on the proposed Administrative Rules changes. The North Dakota Petroleum Council (NDPC) is a trade association that represents more than 300 companies involved in all aspects of the oil and gas industry including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oil field service activities in North Dakota, South Dakota, and the Rocky Mountain Region. Petroleum Council members produced 98% of the 113 million barrels of oil produced in North Dakota in 2010.

To formulate comments on behalf of the industry, the NDPC solicited input from our member companies and assembled both a technical advisory team and a regulatory committee to develop the attached comprehensive comments on behalf of our membership. The proposed rules make substantial changes to the regulatory framework in North Dakota. In many instances, our member companies have voluntarily chosen to exceed the existing regulations through implementation of rule changes as part of their normal operating procedures. A number of the proposed changes codify existing practices of industry. However, several changes, including bonding, reserve pits and new fracture stimulation provisions, will add substantial costs ranging from \$200,000-\$400,000 per well. This cost could add \$400 million to the drilling and well completions on an annual basis. This additional expense will substantially impact the oil and gas industry. However, the oil and gas industry in North Dakota is committed to "doing it right" and, with adoption of our suggested modifications, we support the major rule changes.

We appreciate the time and effort these rules have required and recognize that the Oil and Gas Division has considered several industry ideas in the new rulemaking process. The oil and gas industry is heavily regulated and we recognize the need to adapt regulations to address issues as they arise. However, we must keep in mind that today's economics might not always exist and we must remain cognizant that not all facets of industry are the same. Overregulation in a volatile national and global economy could lead to undesirable effects if we are not diligent in monitoring the ever-changing regulatory and economic climate.

Thank you.

Sincerely,

Ron Ness

enclosure