

NORTH DAKOTA OIL & GAS INDUSTRY



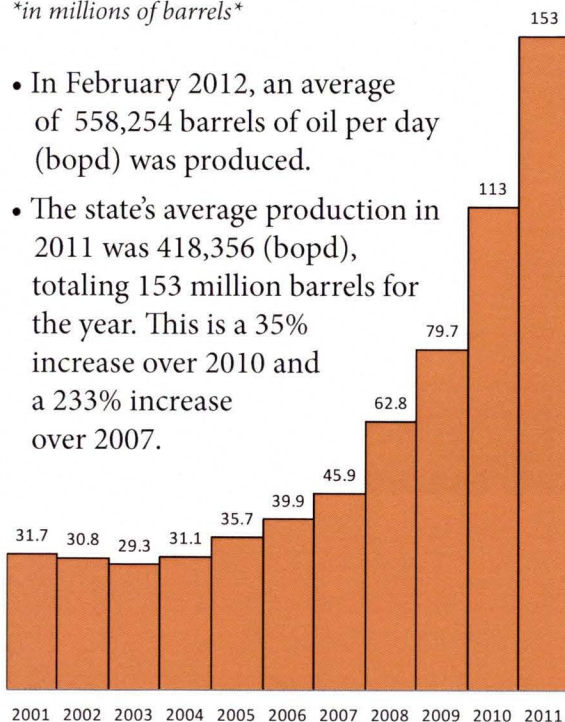
FACTS & FIGURES



CRUDE OIL PRODUCTION

in millions of barrels

- In February 2012, an average of 558,254 barrels of oil per day (bopd) was produced.
- The state's average production in 2011 was 418,356 (bopd), totaling 153 million barrels for the year. This is a 35% increase over 2010 and a 233% increase over 2007.



RESPONSIBLE DEVELOPMENT

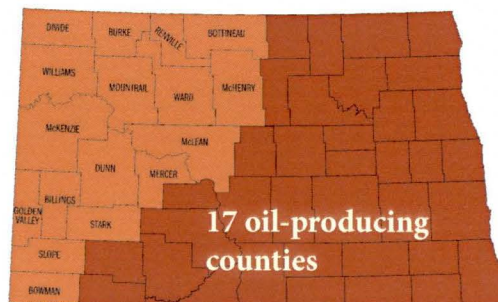
- Together with the USFS, industry has reclaimed 819 well sites and 239 road miles in the Little Missouri National Grasslands. This totals 3,538 acres returned to vegetation after oil and gas reserves were depleted.

ND OIL PATCH STATS

- North Dakota is the 3rd largest oil producing state in the U. S.
- Today there are 7,397 wells capable of producing oil and gas in North Dakota. The average well produced approximately 72 bopd in 2011.
- In 2011, 155 billion cubic feet of natural gas was produced and 97 billion cubic feet was processed in North Dakota.
- The average cost of completing an oil well in North Dakota was nearly \$8.5 million during 2011, up from approximately \$7.3 million in 2010.
- The surface impact from a well pad has decreased over time from 10 percent to only four-tenths of 1 percent of the field.

WHERE THE OIL COMES FROM

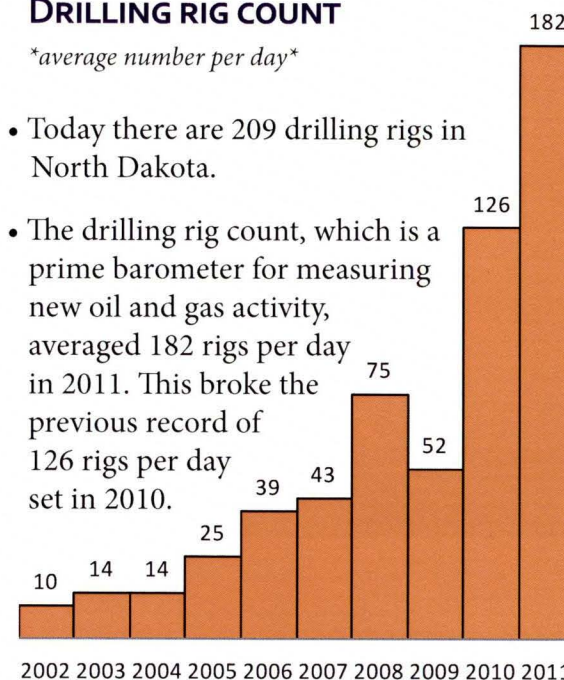
- Oil and gas exploration has occurred in every county in the state except Traill County.
- 2011 top-producing counties: Mountrail (33.4% of state production), McKenzie, Dunn, Williams and Bowman.



DRILLING RIG COUNT

average number per day

- Today there are 209 drilling rigs in North Dakota.
- The drilling rig count, which is a prime barometer for measuring new oil and gas activity, averaged 182 rigs per day in 2011. This broke the previous record of 126 rigs per day set in 2010.



OIL PATCH EMPLOYMENT

- In 2011, the average wage in the oil and gas extraction industry was \$89,020. That wage is 117.5% above the statewide average wage of \$40,914.
- Each drilling rig results in roughly 120 direct and indirect jobs.

REFINING & TRANSPORTATION

- The state's only crude oil refinery is near Mandan, ND. It has a daily capacity of 58,000 barrels. Pending permitting requirements, Tesoro Corporation plans to expand the crude oil capacity to 68,000 barrels in 2012.
- There are 16 natural gas processing plants operating in western North Dakota located near Arnegard, Ambrose, Belfield, Killdeer, Lignite, Marmarth, McGregor, Ray, Rhame, Stanley, Tioga, Trotters and Watford City. Four additional new or expanded plants are planned to come online in 2012 and 2013.

AND NATIONALLY...

- In 2011, the biggest source of U.S. energy was petroleum, which supplied 35.3% of our nation's energy. Other sources included natural gas (25.1%), coal (20.6%), nuclear (8.2%), renewables (7.5%).
- U.S. average crude oil production was 5.6 million bopd in 2011, up 2.5% from 5.5 million bopd in 2010.
- Petroleum imports averaged 11.3 million bopd in 2011, down 5.6% from 2010.
- The U.S. imported 62% of its total oil needs in 2011. Largest importers: Canada (21%), Mexico (12%), Saudi Arabia (12%), Nigeria (11%) and Venezuela (10%).

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FOR MORE STATISTICS.

HISTORY OF OIL

North Dakota's first oil well came in just south of Tioga in Williams County on April 4, 1951. That well, Clarence Iverson #1, produced more than 585,000 barrels of oil in 28 years.

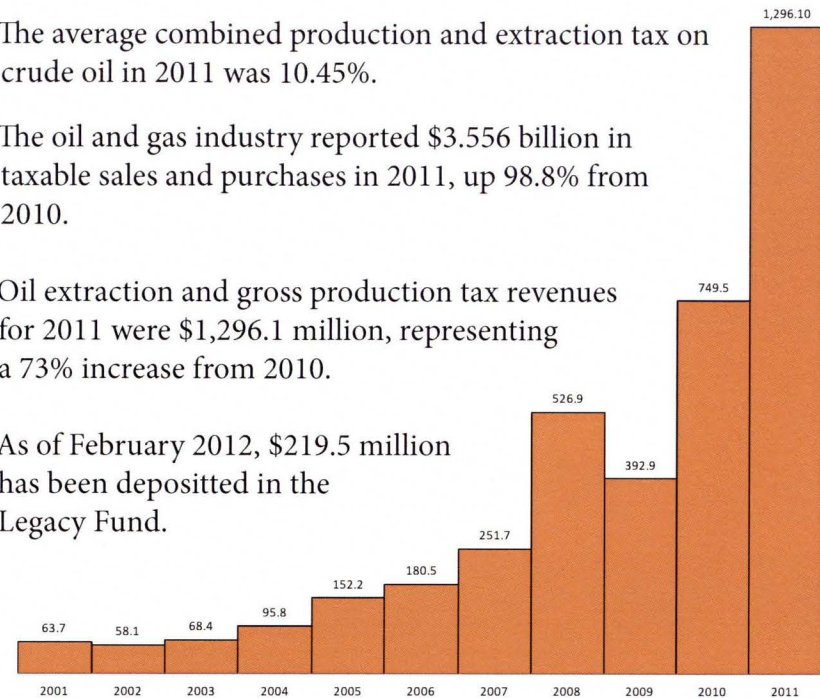
Statistics provided by: API, JSND, NDDMR Oil & Gas Division, NDPA, ND State Land Dept., Office of State Tax Commissioner, USFS

Information compiled by the North Dakota Petroleum Council. PO Box 1395, Bismarck, ND 58502 (P) 701.223.6380 (F) 701.222.0006

OIL & GAS PRODUCTION & EXTRACTION TAX COLLECTIONS

in millions of dollars

- The average combined production and extraction tax on crude oil in 2011 was 10.45%.
- The oil and gas industry reported \$3.556 billion in taxable sales and purchases in 2011, up 98.8% from 2010.
- Oil extraction and gross production tax revenues for 2011 were \$1,296.1 million, representing a 73% increase from 2010.
- As of February 2012, \$219.5 million has been deposited in the Legacy Fund.



- The tax on natural gas for calendar year 2011 was 10.13 cents per thousand cubic feet (MCF). In 2011, the state collected more than \$9.6 million in production tax on gas.
- In 2011, the oil industry paid \$134 million in royalties and lease bonuses to the Lands and Minerals Trust Fund. This fund is now known as the Strategic Investment and Improvements Fund. An additional \$212 million of royalties, bonuses and oil extraction tax revenues were received by the Common Schools Trust Fund and the 12 other permanent trust funds managed for the Board of University and School Lands.
- The U.S. Forest Service administered lands in the Little Missouri National Grasslands provided federal oil and gas revenues of \$73 million during fiscal year 2011. Additionally, Bureau of Land Management administered lands produced more than \$42.7 million. Approximately half of that amount, \$21 million (adjusted for net receipts sharing), was returned to the state's general fund and is the first money expended for education statewide.