

**GTUIT Testimony to the
67th Legislative Assembly of North Dakota
In Support of Senate Bill 2328
February 4th, 2021**

GTUIT would like to express their full support for Senate Bill 2328 currently in front of the Legislative Assembly of North Dakota. This bill will serve to incentivize oil and gas operators in North Dakota to take positive and beneficial action towards further reducing flaring in the Williston Basin. Great strides towards reducing flare volumes have been made in the past several years, but, with the current economic climate facing producers, the incremental tax savings offered by SB 2328 is exactly what is needed to incentivize producers to consider pursuing flare mitigation efforts.

GTUIT has been involved in flare reduction in North Dakota from the very beginning. The company was founded in 2010 by Brian Cebull, Jim Haider, and Mark Peterson – three engineers from Montana who all have a long history in the oil and gas business. The flaring issue at that time in the Williston Basin was capturing national attention, and producers were looking everywhere for a solution. This allowed the GTUIT founders the opportunity to bring their combined skillsets to bear on that formidable challenge.

The associated gas being flared from horizontal Bakken wells was a very unique challenge in 2011 but GTUIT was able to leverage relationships and work with a forward-thinking group of initial customers who were committed to getting in front of the flaring problem before there were any regulations. From those humble beginnings, GTUIT was able to grow from a three-person entrepreneurial shop to a full-fledged oil field service and manufacturing company that employed as many as 75 people with more than 50 MMCFD of installed flare treatment capacity in 2019. Even though we have grown to being a global leader in gas processing and flare reduction, GTUIT's core business has been serving the producers in the Williston Basin and providing innovative and reliable solutions to their flaring challenges. GTUIT prides itself on leading the industry in wellsite gas utilization. Our mission statement is as follows:

Continue to grow as the global leader in distributed natural gas processing including the recovery, utilization, and monetization of associated natural gas for our customers- providing leading innovation and unparalleled customer service that results in reduced emissions and the prevention of waste.

Additionally, we hold to the core values upon which the company was founded in 2010:

- **Safety**- Our top priority. Everyone goes home healthy every day.
- **Innovation**- We use innovation to solve our customers' problems.
- **Integrity**- We do the right thing, every time.
- **Customer Service**- Complete turn-key operations focused on customer service and communication.

This focus on safety, service, and quality has paved the way for GTUIT's 9+ years of flare capture experience with of 800,000 operating hours and a record of 0.0 TRIR (Total Recordable Incident Rate). Along the way we have processed more than 30 billion cubic feet of flare gas and recovered over 90 million gallons of Natural Gas Liquids from flare streams. In the end, the goal of flare capture is to

benefit the environment we all live in and GTUIT is most proud of being able to say that by processing the gas and recovering the liquids, we have prevented nearly 600,000 tons of direct CO₂ emissions in the Williston Basin as shown below in Figure 1.

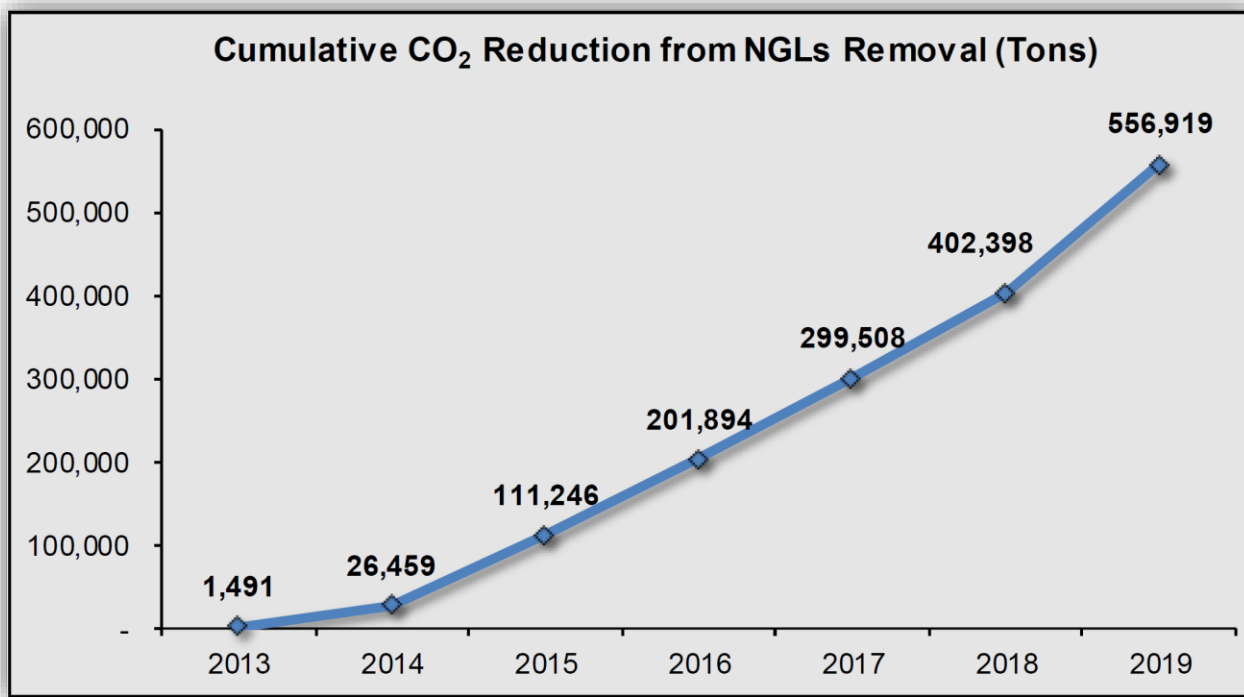


Figure 2: Cumulative CO₂ Reduction from NGLs Recovery

GTUIT does this by providing producers an option to flaring right at the wellhead. Our technology is based on the “Squeeze and Freeze” principal as shown in Figure 2. We connect to a stream of flare gas from a producing well then compress and refrigerate that gas right onsite. By compressing and cooling the gas, we extract as much as 70% of the mass of hydrocarbons in that flare stream. These hydrocarbons are liquified and are transported to market rather than being burned in the flare stack. Additionally, the remaining gas stream is available for power generation, CNG, LNG, or other beneficial uses.

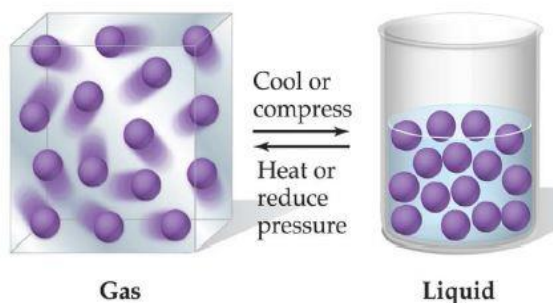


Figure 2: Squeeze and Freeze

To meet the needs of customers in the ever-changing Williston Basin, GTUIT had to design and manufacture their own equipment. This equipment had to be modular to accommodate the sometimes large but rapidly declining flare volumes on individual well pads. It also had to be very mobile to respond to the transient nature of their customers' flaring issues. It also had to be very reliable because flare capture does not just happen by being present on a well site, the equipment must be running 24/7 to do its job! So, after years of development and improvement, GTUIT's latest iteration of flare capture equipment is shown below in Figure 3.



Figure 3: GTUITs Generation III TSW-1000 Wellsite Gas Processing System

This mobile, modular, and ultra-reliable platform allows GTUIT to help producers with even the largest of flare volumes produced during the initial production of new wells. Even though most well sites in North Dakota are connected to gathering infrastructure, the massive flow rates experienced during early production months are overwhelming the existing takeaway capacity. As shown below, GTUIT equipment can deploy as much capacity as needed to serve the needs of their customers.



Figure 4: 3 MMCFD of installed capacity on a producing well in North Dakota

Additionally, GTUIT can bring along partners who can provide additional flare capture benefits such as LNG production as shown below.



Figure 5: 2 MMCFD of installed GTUIT flare capture equipment along with well site LNG production

Of course, all of this comes at a cost. Producers can get revenue from the recovered NGL stream but due to the up and down nature of NGL prices, flare capture is still an operating expense item on most sites. Up until last year, this expense was generally considered reasonable in comparison to the environmental value and the revenue of the produced oil.

However, in March of 2020, everything changed. The Covid-19 crisis along with the price war initiated by Russia and Saudi Arabia dramatically changed the landscape for oil and gas producers in western North Dakota. Prices and demand fell dramatically and every company in the oilfield was forced to restructure and adapt to minimal capital investment budgets, low prices, and low demand. This put many existing flare capture projects in a difficult situation and most projects were shut down as production was shut in or curtailed. During the downturn, GTUIT was forced to cut its staff of experts in North Dakota by 40% to keep the doors open.

As we start to see a modest recovery in oil prices, producers are cautiously looking to the future. They want to do the right thing with regards to flaring but, thanks to the economic environment, need a financial incentive to make the final decision to deploy flare capture solutions. Senate Bill 2328 is just what is needed to allow these good companies to again work towards improved flare reduction goals. This tax incentive could prove to be the tipping point for producers to produce on wells that are currently shut in or start to reduce the flare volumes on well sites where they are currently flaring. Additionally, it will allow GTUIT to bring back some of the great people that were working in North Dakota prior to March 2020 and get back to the task of helping improve the environmental footprint of North Dakota's oil and gas future.

We therefore urge a Do Pass on Senate Bill 2328. I would be happy to answer any questions.

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